March 19, 2025
House Committee On Housing and Homelessness
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: Support House Bill 3545 with -1 Amendments

Chair Marsh and Members of the Committee,

The Oregon State Association of County Assessors (OSACA) and the Oregon Association of County Tax Collectors (OACTC) strongly support HB 3545-1 and urge its passage to provide much-needed relief to counties burdened with homeowners association (HOA) fees on tax-foreclosed properties. This bill takes important steps to ensure taxpayer funds are used wisely and that counties are not forced to cover private expenses.

Under current law, counties that acquire tax-foreclosed properties are required to pay HOA fees until the property is sold or transferred, even though counties do not voluntarily enter into HOA agreements and do not receive services from these associations. This creates unnecessary financial strain on county budgets, diverting resources from critical public services. HB 3545-1 addresses this by providing a temporary exemption from HOA fees, lasting up to one year, starting when the county takes ownership. After this exemption period, if the property has not been sold, transferred, leased, or permanently retained by the county, HOA fees would begin to accrue. Rather than using taxpayer funds to cover these fees, the accrued amount would be paid by the new owner upon transfer or sale, or by the county if it chooses to retain or lease the property.

The sale of tax-foreclosed properties is a lengthy process, often taking a year or more. HB 3545-1 gives counties the necessary time to fulfill legal requirements and secure responsible buyers without the added burden of HOA fees.

Counties do not voluntarily enter into HOA contracts and do not benefit from the services provided by these associations. HB 3545-1 ensures fiscal responsibility while preserving the integrity of HOA agreements. Similar to Local Improvement District (LID) fees, HOA fees would remain attached to the property and ultimately be paid by the new owner. This ensures HOAs receive their dues without shifting the financial burden onto counties or, by extension, taxpayers.

Property taxes become delinquent if unpaid by May 15. If unpaid for another three years, the county initiates tax foreclosure, followed by a two-year redemption period before the county takes ownership. In total, it can take at least six years from the last property tax payment until the

county assumes ownership of the property.

During this six-year period, property owners struggling with tax payments may also fall behind on HOA dues. These dues fund essential community services like landscaping, waste collection, security, infrastructure repairs, and utilities. As a result, HOAs may face financial losses long before the county takes possession of the property.
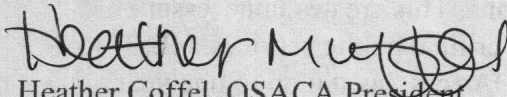
Counties rarely acquire property through tax foreclosure when they are part of an HOA, as these properties are typically well-maintained and desirable to buyers. The counties primary objective is to return these properties to the tax roll, allowing tax revenue to be collected and redistributed to the taxing districts that deliver vital services to all taxpayers. This not only benefits the community as a whole but also contributes to the long-term financial health of the HOA and its members.

Shifting the responsibility for unpaid HOA fees onto counties—and ultimately to taxpayers who do not benefit from HOA services—creates significant issues. HB 3545-1 provides a balanced, fiscally responsible solution to this problem.

For these reasons, we strongly urge your YES vote on HB 3545-1 to ensure counties are not burdened with subsidizing private expenses and taxpayer dollars are used responsibly.

Thank you for your time and consideration.

Sincerely,

Heather Coffel, OSACA President
Douglas County Assessor

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KaSandra Larson, OACTC President
Tillamook County Assessor & Tax Collector