



June 16, 2025

Senate Committee on Finance & Revenue
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

RE: HB 2089 Foreclosure Surplus Proceeds

Dear Chair Meek and Members of the Committee,

Oregon counties are tasked with the responsibility of managing the property tax foreclosure process on behalf of local governments, including cities. Under Oregon law, counties retained the proceeds of foreclosure sales, even if the proceeds exceed the taxes, interest, and penalties that were owed, and in most cases distributed dollars to local taxing districts: cities, special districts, and school districts. The 2023 *Tyler v. Hennepin* decision held that such processes violate the “takings clause” of the Fifth Amendment to the U.S. Constitution.

As a result of the *Tyler v. Hennepin* decision, cities recognize possible liability exposure. Many Oregon counties take the surplus proceeds from a foreclosure sale and disperse them to their cities, school districts, and special districts, retaining a portion as well. LOC supports HB 2089A because it protects all local taxing districts from future liability, provides a legally sound solution, provides counties with a uniform process to resolve foreclosure surpluses, and is thoughtful of the needs of everyday Oregonians.

We urge your support!

Respectfully,

Jenna Jones
League of Oregon Cities
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