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Testimony of Arthur Towers

OTLA Political Director

## **In Opposition to HB 4056**

Before the House Committee on Revenue

February 15, 2024

We are here today because Oregonians have lost equity in their property due to activity on the part of county governments. The counties' actions are now viewed as unconstitutional.

We know that building equity in one's home is the primary method of building wealth for working families and an important way to develop generational wealth in families as well. Oregon has a tarnished history of preventing families of color from building up wealth through homeownership.

The multi-generational impact of home ownership is substantial.

A person with meaningful equity in their property who gets foreclosed on due to failure to pay property taxes in all likelihood had other significant life crises, business crises or financial crises. For instance, the death of the primary breadwinner or the person in the household who managed the family's finances could be one cause of the failure to pay the taxes needed to preserve an asset.

So, this process has victimized large groups of people who are owed tens or hundreds of thousands of dollars.

**At least one Oregon county has found a way to start repaying property owners' their equity.**

In that context, despite the intentions of the proponents, HB 4056 and the -1s miss the mark pretty significantly. This legislation establishes a number of complex barriers, timelines, and rigamarole that may have the impact of squashing meaningful claims.

**The problems with these processes will likely create the need for more litigation not less.**

Instances like this in which governments overreach and seize people's property play into an anti-government narrative that is corrosive to society. The legislature has a critical role in regaining the public's trust that when government does wrong, it will hold itself accountable.

We urge the legislature to:

- A. Call on the Secretary of State's Audit Division, State Treasurer, or other outside entity to review county records to determine the breadth and depth of the issue.
- B. Explore additional sunshine requirements or methods to avoid the appearance of self-interest on the part of the counties. We should not create the unfair perception that the counties are adjudicating, delaying, or disqualifying claims while having a vested financial interest in keeping the money or selling the property to favored parties.
- C. Push the counties on strengthening outreach programs to heirs and survivors who are owed money, particularly in communities with concentrations of non-English speakers.
- D. Engage communities of color in the development of a fair and equitable process.

**The calculation of surplus in Section 4(2) is problematic.**

We were disappointed in Section 4 regarding the calculation of the surplus. Section 4(2) includes quite the laundry list of subtractions, deductions, and withholdings from the money owed to those who lost their equity. There is no mention of interest or appreciation on the misallocated equity being returned to the property owner.

**The methodology for determining or maximizing the value of property is problematic. Here again, perception is as important as reality.**

In today's hearing, the testimony was contradictory. Auction and sale processes in Oregon adhere to the law. The process can still favor insiders, and perhaps property wholesalers. Auction/sale processes in other states were anecdotally called into question. Another witness pointed out that sometimes the county likes to sell tax-foreclosed land to non-profits. We inferred that the price paid by the non-profit may not be maximized.

So, this seems to create the potential for **or appearance of** yet another conflict. A non-profit multi-state hospital chain eyes a piece of property. Is the property owner in this situation at a disadvantage because of the relative amount of power between the non-profit and the property owner?

We acknowledge the counties' concern that they get the money owed accurately distributed. The media has been filled with articles about government distributing money to inappropriate recipients. There have also been a large number of articles about government holding onto vast quantities of funds while there is an urgent need to get services/funds to people in the community. That double-whammy is real. This is another reason why an outside audit by the Secretary of State or Treasurer has merit.

Counties may find themselves stretched for resources to make this all work. We would humbly observe that the property owners whose equity was confiscated may also lack the resources to navigate the processes laid out in HB 4056.

We respectfully urge a no vote on HB 4056.