



# Clatsop County

## Assessment and Taxation

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### RE: Draft Summary of Suggestions for HB 4056 Workgroup

Dear Chair and Members of the HB 4056 Workgroup,

Clatsop County appreciates the Oregon Department of Revenue's continued efforts to engage all HB 4056 Workgroup participants and solicit feedback. The following are the County's comments and questions regarding DOR's draft summary of suggestions.

#### Suggested Post-Sale Timeline

##### Immediately After Sale

*“County notifies the Department of Justice of excess proceeds available for each individual owner.”*

- Can the Department of Justice (DOJ) create an online portal or form to facilitate the process?

*“DOJ may assert claims and issue garnishments to the county for **any relevant DOJ liens** against individual property owners within this timeframe.”*

- The phrase “any relevant DOJ liens” is too broad. Clatsop County recognizes the value of integrating DOJ liens into this process and does not oppose this recommendation. However, the type or category of DOJ liens should be defined.

*“County disburses any available funds to DOJ and/or **other priority secured lienholders** to pay individual liens per DOJ/lienholder claims.”*

- Do DOJ liens take priority over “other priority secured lienholders?”
- How are counties to prioritize multiple liens if there are not enough funds to pay all lienholder claimants?

*“Language will need to be included in legislation to specifically **allow DOJ to issue garnishments to the counties.**”*

- Similar to “any relevant DOJ liens,” the language allowing DOJ to issue garnishments to the counties should specify the type of garnishments DOJ can issue.

### **30 Days Post Sale**

*“After any available funds have been disbursed towards DOJ or other priority secured liens, Counties will clear the escrow account and forward remaining funds, along with relevant owners/party of interest info on a per-account basis, to the Department of Treasury [(DOT)]. At this point DOT would assume responsibility for processing, validating, and paying claims, and **counties would be held harmless for any errors in disbursing funds to an incorrect claimant.** Property owners would utilize the existing unclaimed property process through the Department of Treasury to make a claim for any surplus funds.”*

- Legislation should specify that counties are held harmless for any errors in disbursing funds to an incorrect claimant throughout the process to ensure this would apply to all lienholder claimants.

*“Claimants must file claims with DOT within:*

*One year from the date the property is sold or conveyed to a third-party up to a **maximum of two years from the date the property is deeded to the county under ORS 312.122 or 312.200;***

*One year from the date the county makes a determination that the county will retain the property for public purposes up to a **maximum of two years from the date the property is deeded to the county under ORS 312.122 or 312.200;** or*

*If no action is otherwise taken by the county, **two years from date the property is deeded to the county under ORS 312.122 or 312.200.***

- This timeline for claimants incorrectly assumes that once a county is deeded a property, as a result of the foreclosure process, the county then immediately sells, conveys, or decides to retain that property. There are a range of activities that occur after a county receives deed that extend this timeline. This may include identifying suitable use for the property, determining whether to retain it, addressing hazards or safety concerns on the lot, organizing a public auction, and/or completing the sale or transfer of the property. For rural and frontier counties, in particular, staffing capacity limitations further extend this timeline. The maximum amount of time allotted for claimants to file claims with DOT should be based on the date the property is sold or conveyed to a third-party.
- Does the last line limit the time counties have to determine whether to sell, transfer, or retain a property to a maximum of two years from the date that the property was deeded to the county? A maximum of two years is not always feasible for counties, especially when the condition of the property is unsafe, needs clean up, and requires eviction.

- What if the property does not sell? For example, Clatsop County currently holds deed to two different properties in the same area with significant geological concerns and expensive HOA fees. Both properties have been offered for sale on two different occasions. Even when offered for \$1, the County has yet to find any interested buyers. In addition, the HOA is not interested in purchasing either property. It is of greater financial benefit for them to collect annual HOA fees from the County, which under current law the County is obligated to pay. Moreover, these annual HOA fees have continued to increase over the past few years.

## Additional Questions/Comments

### **Important Terms or Components that Must be Defined**

#### Determined Value of the Property

- What type of property value (i.e. market value, appraised value, assessed value, etc.) will be used to determine surplus funds?
- When and how is the value of the property determined?
- Can the DOJ, other lienholders, or the previous property owner(s) dispute what was determined as the value of that property? If so, how and when can that occur?

#### Surplus Funds

- When counties choose to retain a property or transfer deed, is there a surplus? If so, how and when is that surplus value determined?
- If a surplus value is assigned to a property that a county has decided to retain or transfer deed, is that county then held responsible for covering the costs of lienholder claims and any funds that are to be transferred to DOT?

### **Other Recommendations**

- Department of Treasury return unclaimed surplus funds back to the associated county