

House Bill 3380

Sponsored by Representative BARNHART (at the request of Pete Sorenson)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases redemption period for property sold to county pursuant to judgment of foreclosure from two to six years.

Requires proceeds from sale of property acquired through foreclosure of delinquent taxes that are in excess of delinquent taxes and other charges to be paid to person from whom property was acquired. Directs Department of Revenue to adopt rules.

Applies to property tax years beginning on or after July 1, 2012.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; amending ORS 312.120, 312.200 and 312.230;
3 and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 312.120 is amended to read:

6 312.120. (1) Except as provided in ORS 312.122, all real properties sold to the county under ORS
7 312.100, shall be held by the county for the period of *[two]* **six** years from and after the date of the
8 judgment of foreclosure, unless sooner redeemed.

9 (2) During the *[two-year]* **six-year** period any person having an interest in the property at the
10 date of the judgment of foreclosure, or any heir or devisee of such person, or any person holding a
11 lien of record on the property, or any municipal corporation having a lien on the property, may re-
12 deem the property by payment of the full amount applicable to the property under the judgment,
13 with interest thereon as provided by law, plus a penalty of five percent of the total amount appli-
14 cable to the property under the judgment and a fee as specified under subsection (5) of this section.
15 The penalty of five percent and fee shall be in lieu of all costs chargeable against the property in
16 connection with the foreclosure proceeding. The fee shall be used to defray the costs, among other
17 costs, incurred by the county to provide the notices of redemption period expiration to lienholders
18 and others required under ORS 312.125.

19 (3) Property so redeemed shall be subject to assessment for taxation during the period of re-
20 demption, as though it had continued in private ownership.

21 (4) Any person holding a mortgage or other lien of record covering a part only of a particular
22 parcel of real property included in the judgment of foreclosure may redeem such part by payment
23 of the proportionate amount applicable thereto under the judgment.

24 (5) The fee specified by this subsection is as follows:

25 (a) If the property is redeemed before the date the notice by certified mail required by ORS
26 312.125 is given, \$50.

27 (b) If the property is redeemed on or after the date the notice by certified mail required by ORS
28 312.125 is given, the greater of \$50 or the actual cost to the county for a title search and other

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 expenses related to obtaining a title search.

2 **SECTION 2.** ORS 312.200 is amended to read:

3 312.200. The properties not redeemed within the [*two-year*] period prescribed by ORS 312.120
 4 shall be deeded to the county by the tax collector. All rights of redemption, with respect to the real
 5 properties therein described, shall terminate on the execution of the deed to the county. No return
 6 or confirmation of the sale or deed to the county is required or necessary.

7 **SECTION 3.** ORS 312.230 is amended to read:

8 312.230. (1) Every action, suit or proceeding, commenced for the purpose of determining the va-
 9 lidity of a sale of real property on foreclosure for delinquent taxes, or to quiet title against such
 10 sale, or to remove the cloud thereof, or to recover possession of the property, shall be commenced
 11 within [*two*] **six** years from the date of the judgment of foreclosure and sale to the county.

12 (2) Notwithstanding any other provisions of law, in every such action, suit or proceeding any
 13 person claiming to be the owner of the property, as against the county or grantee, shall pay into
 14 court with the first pleading the amount charged against the property in the judgment of foreclo-
 15 sure, plus the amount or amounts that would otherwise have been assessed and levied against said
 16 property as taxes from the date of the said judgment to the time of the filing of such action, suit
 17 or proceeding, together with any penalties and interest that would have accrued thereon as by
 18 statute provided. In every such action, suit or proceeding any person claiming to be the owner of
 19 the property as against any person holding title from the county, shall pay into court with the first
 20 pleading the amount charged against the property in the judgment of foreclosure, together with in-
 21 terest thereon at the rate of six percent per year from the date of the judgment to the date of filing
 22 the pleading.

23 (3) For all purposes this section shall be construed as a statute of prescription as well as a
 24 statute of limitation.

25 **SECTION 4.** Section 5 of this 2011 Act is added to and made a part of ORS chapter 312.

26 **SECTION 5.** (1) Notwithstanding ORS 312.100, when the county sells property acquired
 27 through foreclosure for delinquent taxes, all proceeds must be paid to the person from whom
 28 the property was acquired that are in excess of:

29 (a) The total amount of taxes levied on the property, including special assessments, fees
 30 and other charges, that were delinquent at the time the property was conveyed to the
 31 county;

32 (b) Interest on the delinquent taxes;

33 (c) Penalties and fees associated with the delinquency; and

34 (d) The county's costs associated with the foreclosure and sale.

35 (2) The Department of Revenue shall adopt rules to implement the provisions of this
 36 section.

37 **SECTION 6.** Section 5 of this 2011 Act and the amendments to ORS 312.120, 312.200 and
 38 312.230 by sections 1 to 3 of this 2011 Act apply to property tax years beginning on or after
 39 July 1, 2012.

40 **SECTION 7.** This 2011 Act takes effect on the 91st day after the date on which the 2011
 41 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.