

# Senate Bill 403

Sponsored by Senator PROZANSKI (at the request of Oregon Property Owners Association) (Pre-session filed.)

## 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**.

Provides for distribution of net proceeds from sale of property upon which county foreclosed lien for delinquent taxes to each lienholder whose interest in property was forfeited, and to any person other than lienholder whose right of redemption with respect to such property terminated, when property was deeded to county.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to the distribution of proceeds from county sales of foreclosed property; creating new pro-  
3 visions; amending ORS 275.275; and prescribing an effective date.

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

5 **SECTION 1.** ORS 275.275 is amended to read:

6 275.275. (1) The proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310 must be:

7 (a) First, applied to refund the county general fund for the full amount actually paid by the  
8 county to advance the state tax upon all properties upon which the county has foreclosed liens for  
9 delinquent taxes;

10 (b) Second, applied to the county general fund in an amount equal to the penalty and fee de-  
11 scribed in ORS 312.120 for each property upon which the county has foreclosed a lien for delinquent  
12 taxes;

13 (c) Third, applied to refund the county general fund for all the costs and expenses actually in-  
14 curred by the county in the maintenance and supervision of the properties and in any suits or pro-  
15 ceedings by the county to quiet title to or to defend the county's title to property sold, including  
16 suits or land use proceedings to ascertain and determine the actual boundaries of the properties;

17 **(d) Fourth, distributed to each lienholder whose interest in property upon which the**  
18 **county foreclosed a lien for delinquent taxes was forfeited when the property was deeded to**  
19 **the county under ORS 312.200, in the amount secured by the lien at the time of the forfei-**  
20 **ture;**

21 **(e) Fifth, distributed to any person other than a lienholder, or any heir or devisee of such**  
22 **person, whose right of redemption with respect to property upon which the county foreclosed**  
23 **a lien for delinquent taxes terminated when the property was deeded to the county under**  
24 **ORS 312.200;**

25 *[(d)]* **(f) [Fourth,] Sixth,** in a county with a population of 650,000 or more:

26 (A) First, distributed to a local government, as defined in ORS 174.116, that has filed a notice,  
27 in accordance with ORS 275.130, relating to a local improvement lien arising under ORS 223.680 or  
28 223.685 against the property in the principal amount of the lien, plus any interest and penalties that  
29 have accrued to the date of sale of the property.

30 **(B) Second, if the proceeds arise under ORS 275.090 from the sale of real property ac-**

**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 **quired by foreclosure of delinquent tax liens or by exchange for land originally acquired by**  
 2 **foreclosure of delinquent tax liens:**

3 (i) **First, distributed to each lienholder whose interest in property upon which the county**  
 4 **foreclosed a lien for delinquent taxes was forfeited when the property was deeded to the**  
 5 **county under ORS 312.200, in the amount secured by the lien at the time of the forfeiture;**  
 6 **and**

7 (ii) **Second, distributed to any person other than a lienholder, or any heir or devisee of**  
 8 **such person, whose right of redemption with respect to property upon which the county**  
 9 **foreclosed a lien for delinquent taxes terminated when the property was deeded to the county**  
 10 **under ORS 312.200.**

11 [(B)] (C) [Second,] **Third**, if the proceeds arise under ORS 275.090 from the sale of real property  
 12 acquired by foreclosure of delinquent tax liens or by exchange for land originally acquired by fore-  
 13 closure of delinquent tax liens, applied to an account or fund created in the discretion of the county  
 14 treasurer, in or outside of the county general fund, for use under ORS 271.330 to provide:

15 (i) Funds for housing placement and retention support services for youth and families with  
 16 children;

17 (ii) Flexible rental assistance for housing placement for youth and families with children; or

18 (iii) Funds to develop new low income housing that is affordable to youth and families with  
 19 children with 30 percent or lower median family income.

20 [(C)] (D) [Third,] **Fourth**, except as provided in subparagraph (B) of this paragraph, applied to  
 21 the county general fund; and

22 [(e)] (g) [Fifth,] **Seventh**, except as provided in paragraph (d) of this subsection, if the proceeds  
 23 arise from the sale of real property acquired by the county in a manner other than by foreclosure  
 24 of delinquent tax liens or by exchange for land originally acquired by foreclosure of delinquent tax  
 25 liens, applied to the county general fund. The proceeds described in this paragraph include payments  
 26 for the real property sold under a purchase agreement pursuant to ORS 275.190 or 275.200.

27 (2) The proceeds arising under ORS 275.294:

28 (a) Must be credited to the county general fund by the county treasurer, if received from a lease  
 29 or conveyance granting rights to explore, prospect for or remove biogas that is produced by de-  
 30 composition of solid waste at any land disposal site or former land disposal site owned by the  
 31 county. As used in this paragraph, "land disposal site" has the meaning given that term in ORS  
 32 459.005.

33 (b) Must be segregated from the portion of the proceeds described in paragraph (a) of this sub-  
 34 section and deposited in a separate account maintained by the county. Interest earned on the seg-  
 35 regated portion of the proceeds must be credited to the account established under this paragraph.

36 (c) May be used, in an amount that does not exceed 10 percent of the proceeds, to reimburse a  
 37 taxing district within the county for costs and expenses necessarily incurred by the district in pro-  
 38 viding improved, additional or extraordinary services required on lands in the county as a result of  
 39 exploration, drilling, mining, logging or other activities authorized under a lease or conveyance un-  
 40 der ORS 275.294. As used in this paragraph, "improved, additional or extraordinary services" in-  
 41 cludes, but is not limited to, fire protection and road construction and maintenance.

42 (d) May be used to reimburse the county for its actual costs and expenses incurred under this  
 43 subsection and under ORS 275.294 for:

44 (A) The maintenance and supervision of a lease or conveyance granting rights to explore, pros-  
 45 pect for, mine or remove valuable minerals, oil or gas from the lands;

1 (B) The maintenance and supervision of a lease or conveyance granting rights to conduct  
 2 underground storage, as defined in ORS 520.005; and

3 (C) Litigation resulting from a lease or conveyance described in subparagraph (A) or (B) of this  
 4 paragraph.

5 (3)(a) After a portion of the proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310  
 6 and a portion of the proceeds arising under ORS 275.294 are applied as provided in subsections (1)  
 7 and (2) of this section, the balance of the proceeds arising under ORS 275.090 to 275.290 and 275.296  
 8 to 275.310 and the balance of the proceeds arising under ORS 275.294, including the payments for  
 9 land sold under contract pursuant to ORS 275.190 or 275.200, must be distributed by the county  
 10 treasurer as follows:

11 (A) First, to a municipal corporation that has filed a notice, in accordance with ORS 275.130,  
 12 relating to a local improvement lien against the property from which the sale proceeds are derived.  
 13 The amount of the distribution to each municipal corporation must be in the principal amount of the  
 14 lien, plus the interest and any penalties that accrued to the date of sale of the property.

15 (B) Second, to governmental units in accordance with the formula provided in ORS 311.390 for  
 16 the distribution of tax collections. The amount distributed to governmental units must be the amount  
 17 remaining after the distribution, if any, under subparagraph (A) of this paragraph.

18 (b) Notwithstanding ORS 294.080, as used in this subsection, “balance of the proceeds” includes  
 19 all accumulated interest earned on the proceeds arising under ORS 275.294 that are segregated  
 20 pursuant to subsection (2)(b) of this section, unless a court of competent jurisdiction rules otherwise.

21 (4) Distribution of moneys under subsections (2) and (3) of this section must be made on or be-  
 22 fore June 30 in each year.

23 (5) The county treasurer or auditor shall verify the costs and expenses to be reimbursed under  
 24 subsection (2) of this section.

25 (6) The county treasurer shall distribute reimbursements under subsection (2) of this section in  
 26 accordance with an order of the governing body of the county.

27 (7) Notwithstanding subsection (1) of this section, a county with a population of 650,000 or more  
 28 may convey real property acquired by foreclosure of delinquent tax liens or by exchange for land  
 29 originally acquired by foreclosure of delinquent tax liens as provided in ORS 271.330.

30 **SECTION 2. The amendments to ORS 275.275 by section 1 of this 2021 Act apply to pro-**  
 31 **ceeds from sales of property occurring on or after the effective date of this 2021 Act.**

32 **SECTION 3. This 2021 Act takes effect on the 91st day after the date on which the 2021**  
 33 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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