



Program #72066 - DCM Tax Title Reserve Fund FY 2025 Proposed

Department: County Management **Program Contact:** Jeffrey brown

Program Offer Type: Operating **Program Offer Stage:** Proposed

Related Programs: 72038

Program Characteristics: New Request, One-Time-Only Request

Executive Summary

On May 25, 2023 the Supreme Court of the United States ruled that taxing jurisdictions that deed property into government ownership due to delinquent property tax liens must compensate former owners, heirs, or devisees. This program creates a reserve fund to compensate those making qualified claims on surplus proceeds from public or private sales that took place between 2016 and 2021.

Program Description

The DCM Tax Title Reserve Fund program will set aside \$5 million in General Funds to compensate those who make qualified claims for surplus proceeds from public or private sales from 2016 to 2021, those years that the law changed to allow the County to use surplus funds for low income housing support. Claims will likely come in over several years as continued outreach efforts are made in an attempt to locate former owners, heirs, or devisees. The \$5 million is expected to cover outstanding claims. Surplus proceeds from sales in years 2022 & 2023 were already set aside when Multnomah County became aware of the law change.

Performance Measures

Measure Type	Performance Measure	FY23 Actual	FY24 Budgeted	FY24 Estimate	FY25 Target
Outcome	Percent of valid surplus proceeds paid	N/A	N/A	N/A	100%
Output	Claims processed for payment	N/A	N/A	N/A	10%

Performance Measures Descriptions

The output is estimated at approximately 10% of the properties sold from 2016 to 2021, for the years that the law changed to allow surplus proceeds to be utilized for low income housing support. We expect to process 100% of valid claims in FY 2025.

Legal / Contractual Obligation

The May 25, 2023 US Supreme Court ruling in Tyler v. Hennepin County requires a return of excess proceeds from county tax foreclosed property public sales to former owners, heirs or devisees. The US Supreme Court found that a County keeping the excess proceeds could constitute a governmental taking without just compensation, in violation of the 5th Amendment Takings Clause. The Oregon Revised Statutes, as well as Multnomah County Code Chapter 7, have yet to be amended to reflect the changes to conform to the decision, with still to be determined operational impacts. There is a legal obligation to compensate qualified claims made for surplus proceeds from public and private sales.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2024	2024	2025	2025
Materials & Supplies	\$0	\$0	\$5,000,000	\$0
Total GF/non-GF	\$0	\$0	\$5,000,000	\$0
Program Total:	\$0		\$5,000,000	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Beginning Working Capital	\$0	\$0	\$5,000,000	\$0
Total Revenue	\$0	\$0	\$5,000,000	\$0

Explanation of Revenues

This program is supported by a one-time allocation of County General Fund and is expected to carry over fiscal years as claims arise over time.

Significant Program Changes

Last Year this program was: