

# *Tyler v. Hennepin County*

## Surplus Proceeds of Property Tax Foreclosure Sales

Discussions per HB 4056 (2024)

LRO | April 17, 2024

State of Oregon

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LEGISLATIVE REVENUE OFFICE





# Presentation Outline

- Background
- Recent SCOTUS Decision: *Tyler v. Hennepin County*
- Current Policy in Oregon





# Background

- Geraldine Tyler owed \$15,000 in property taxes, interest and penalties on a condominium she owned in Minneapolis.
- To collect the debt, Hennepin County placed her home in foreclosure, sold it for \$40,000 and, under Minnesota Law, did not pay her the \$25,000 surplus.
- After Tyler lost in district court and the 8th Circuit Court, Tyler's case made it to the U.S. Supreme Court.





# *Tyler v. Hennepin County*

- *Tyler v. Hennepin County* (598 U.S. 631) was a unanimous, 9-0, U.S. Supreme Court decision in favor of Tyler.
- Ruled the government **can't take more property than what is owed** (Takings Clause of U.S. Constitution's 5<sup>th</sup> amendment).
- Little guidance, if any, on the **process for making surplus payments** such as the structure, mechanics and timing.





# Current Policy in Oregon

- Counties are not required to return to the former property owner any surplus of a property tax foreclosure sale. No process exists.
- After a county reimburses itself for amounts owed and additional costs, the county may elect to distribute any surplus to taxing districts, including the county (ORS 275.275(1)(d)).
  - That distribution of surplus to taxing districts is mandatory in Multnomah County.
- Additional costs under ORS 275.275 (1)(b)-(c) include:
  - Redemption penalty and fee
  - Property maintenance and supervision
  - Legal costs



# For More Information

- Legislative Revenue Office
- ~~900 Court St. NE, Room 160~~
- 255 Capitol St NE, 5<sup>th</sup> Floor
  - Public Services Building
- Salem, OR 97301
- 503-986-1266
- <https://www.oregonlegislature.gov/lro>

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