Ohio House of Representatives

Representative John M. Rogers
60th House District

Chairman Merrin and fellow members of the House Ways and Means Committee, thank you for allowing Rep. Hicks-Hudson and I the opportunity to provide sponsor testimony on House Bill 734, legislation to modify delinquent property tax foreclosure proceedings and prohibit certain tax-delinquent persons and associations from purchasing any tax-foreclosed property or delinquent tax certificates.

HB 734 seeks to address two problematic practices related to In Rem Tax Foreclosures:

> 1. A subsection in the law that allows a complaint in foreclosure and the subsequent proceeding to move forward without notifying lien holders; and
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> 2. the practice of individuals who are delinquent with respect to their property taxes being allowed to purchase tax-foreclosed property and delinquent tax certificates.

Current law allows three methods for the filing of a complaint and proceeding with an In Rem Tax Foreclosure, ORC 5721.18 (A), (B) and (C). The first two methods require that a title search on the property be conducted for identification and notification of any lienholders as part of the foreclosure action. In doing so, the failure of a lienholder who has been duly notified to defend their claim effectively waives their claim, allowing for their lien to be extinguished upon the sale and transfer of title. This provides a parcel with clear title to the new owner.

My legislation aims to remove the third method so as to remove the onus of having to deal with any liens, other than the property taxes and nuisance fees, by someone who purchases or otherwise acquired the foreclosed property.

While ORC 5721.18 (C) allows a more expedited process to foreclose upon a property and get it sold, the consequence of this method is that a buyer of a foreclosed parcel must take cumbersome steps, beginning with an additional cost to obtain a title search, in an effort to identify and resolve any liens with the lienholders who would otherwise have been notified of the proceeding. Throughout Ohio there remains a large number of vacant parcels with delinquency issues and a foreclosure under ORC 5721.18 (C) frequently poses significant barriers to clearing title and re-developing the property in the future.

The second part of this legislation will prohibit those with outstanding delinquent Ohio property taxes, a previous owner whose tax delinquency led to the foreclosure and certain associated persons from purchasing a tax-foreclosed property or tax certificate. This change would mean that a property owner or business that has not yet taken care of their existing tax obligations would be precluded from purchasing another property subject to a foreclosure at a sheriff’s sale or from purchasing a tax certificate. This prohibition would be enforced by requiring that the purchaser provide an affidavit to the official selling the property, stating that they are not one of the parties prohibited from making the purchase. A person who knowingly makes a false statement on an affidavit could be subject to a penalty for falsification, a first degree misdemeanor.

These proposed changes would work to promote the positive development and use of formerly tax-foreclosed properties, in addition to creating further accountability on the part of persons and businesses seeking to purchase property or tax certificates in a given community.

The importance of this legislation would be clearest for those parts of Ohio that have a number of nuisance properties, and where local efforts are underway to return land that is often abandoned and blighted to productive use.

I thank you for your consideration and would respectfully ask you for your support of this legislation. At this time, I would welcome any questions you might have.

Thank you.