

ONE HUNDRED SEVENTH LEGISLATURE

SECOND SESSION

LEGISLATIVE RESOLUTION 424

Introduced by Cavanaugh, J., 9.

PURPOSE: The purpose of this resolution is to propose an interim study to research the topic of home equity theft. Home equity theft occurs when a home is foreclosed on for tax debt and none of the home's value in excess of the tax and other debts is returned to the original owner. In most states, if a property owner fails to pay their property taxes on their home or property, the home or property can be foreclosed on and sold at auction to pay the debt with any remaining proceeds from the sale being returned to the original homeowner. However, in 12 states, including Nebraska, a property owner can lose their property and all their invested equity in that property as recompense for a minor tax debt. Unlike traditional tax or mortgage foreclosures, home equity theft schemes leave the original owner with nothing, regardless of the size of the debt or value of the property. This study shall include, but not be limited to, an examination of the following:

- (1) How many homes or properties are having their equity taken in the property tax foreclosure process;
- (2) How much home equity is being lost from excessive fines;
- (3) The property tax foreclosure process in other states, including Wyoming, South Dakota, Iowa, Missouri, Kansas, and Colorado; and
- (4) Potential violations of constitutional rights.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Judiciary Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council

or Legislature.