



PACIFIC LEGAL FOUNDATION

May 5, 2024

Statement before Minnesota House in Support of HF 4822 Committee on Ways and Means

Re: Testimony—Reforming Minnesota’s Tax Foreclosure Process

To: Chair Olson, Vice-Chair Edelson, and Members of the Committee on Ways and Means

My name is Kileen Lindgren, and I am legal policy manager for Pacific Legal Foundation. The Foundation is a nonprofit, public interest law firm with 17 U.S. Supreme Court wins on behalf of Americans’ constitutional rights—including 3 last year. We are dedicated to defending and promoting property rights, proper separation of powers, and opportunity and equality under the law in courtrooms and capitols around the country.

One of the Foundation’s 2023 Supreme Court wins was in a case from Minnesota, *Tyler v. Hennepin County*, where we represented a now 95-year-old Minnesota resident who lost her greatest asset—equity in her home—due to the state’s unconstitutional and unconscionable predatory tax foreclosure process. In this instance, a grandmother who experienced harassment on the streets near her condo began to feel unsafe and rented an apartment in a senior living community, where she felt safer. With the cost of rent at her new home, Ms. Tyler fell behind on her condo’s property taxes. She owed only \$2,311 in property taxes, but had almost \$13,000 in added penalties, interest, and fees. To collect the \$15,000 debt, Hennepin County seized her condo, valued at \$93,000, sold it for \$45,000, and pocketed it all—a \$25,000 windfall at Ms. Tyler’s expense.

In its *Tyler* decision, the Supreme Court held that Minnesota’s tax foreclosure system violated Ms. Tyler’s constitutional rights. The Court unanimously held that the government violates the Fifth Amendment’s Takings Clause when it uses “the toehold of the tax debt to confiscate more than it [is] due.” The Court noted that Minnesota’s statute violated the purpose of the Takings Clause, which “was designed to bar Government from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole.”

HF 4822 as amended in the House Environment committee addresses this problem, specifically by improving notice requirements and requiring the sale of property and provision of proceeds to former property owners. In addition, the author’s A6 amendment that we understand will be offered today closes a loophole that could result in further legal challenges to Minnesota law by eliminating an automatic percentage penalty for all sales, regardless of costs (see A6 line 1.4). We request your support for this bill and amendment. Thank you,

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