

SENATE BILL REPORT

EHB 2953

As of March 5, 1996

Title: An act relating to flood damage.

Brief Description: Allowing relief from interest and penalties on delinquent taxes on property in flood disaster areas.

Sponsors: Representatives Benton, L. Thomas, Mulliken, Chappell, McMahan, Pelesky, Dyer, Casada, Pennington, Silver, Sheldon, Stevens, Boldt, Hatfield, Keiser, Romero, Linville, Basich, Clements, Morris, Johnson, Robertson, Smith, Elliot, Kessler, Hymes, Brumsickle, Schoesler, Campbell, Grant, Quall, Costa, B. Thomas and Lambert.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7715)

Background: All real and personal property in this state is subject to the property tax every year based on its value unless a specific exemption is provided by law. Property is valued on January 1 of the year for existing property and July 31 for new construction. This is known as the assessment year. Taxes are levied at the end of the assessment year on this value and are due on April 30 of the next year.

If one half the tax is paid by April 30, then the other half is due on October 31. However, if the first half of the tax payment is not made on time, the entire tax is delinquent and interest is charged at the rate of 12 percent per year (1 percent per month). If the tax bill is below \$30, then all the tax must be paid by April 30.

If, in any year, property is either destroyed in whole or in part, or is in a disaster area declared by the Governor and has been reduced in value by more than 20 percent, the assessor may reduce the value of the property for the assessment year. In addition, the taxpayer may specifically apply for reduction with the assessor.

A special provision was enacted in 1991, waiving interest and penalties on delinquent 1991 property taxes, from April 30, 1991, through December 31, 1991 on the personal residences owned by military personnel who participated in Operation Desert Shield or Desert Storm.

Summary of Bill: Interest and penalties are forgiven on delinquent 1996 property taxes for personal residences damaged by flooding. The damage must have occurred between January 1, 1996 and May 1, 1996, and the residence must be located in a county that the Governor has declared a disaster area.

Interest and penalties are forgiven only for the period April 30, 1996 to December 31, 1996.

Appropriation: None.

Fiscal Note: Requested on March 3, 1996.

Effective Date: The bill contains an emergency clause and takes effect immediately.