

HOUSE BILL REPORT

HB 2324

*As Reported By House Committee on:
Revenue*

Title: An act relating to penalties and interest on assessments of omitted property.

Brief Description: Removing one year waiver of penalty and interest for payment of taxes on omitted assessments.

Sponsor(s): Representatives Winsley, H. Sommers, Dellwo and Zellinsky.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DPS.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Rick Peterson (786-7150).

Background: The assessor may add to the current year assessment roll any property omitted from the previous year's assessment roll. If the land is on the assessment roll but the improvements are not, the improvements may be added as omitted property. Omitted property assessments may be made for the three years previous to the year the omitted property was discovered.

No late penalty or interest is charged if taxes on omitted property are paid within one year. The penalty for taxes that are delinquent on May 31st is 3 percent of the delinquent tax. The penalty for taxes that are delinquent on November 30th is 8 percent. The interest rate on late payments is 12 percent per year.

Interest and penalty payments are deposited into the county current expense fund.

Summary of Substitute Bill: When an omitted assessment is made, the taxes levied may be paid within one year of the due date of the taxes for the year in which the assessment is made without penalty or interest. However, interest and penalties must be paid if the property was omitted from the assessment list as a result of the taxpayer failing to obtain a necessary building permit or the taxpayer knew the property was omitted from the assessment list and failed to inform the assessor of the omission.

Substitute Bill Compared to Original Bill: The original bill repealed the exemption for interest and penalties on tax payments for omitted properties in all cases. The substitute applies interest and penalties only in certain situations.

Fiscal Note: Available.

Effective Date of Substitute Bill: Effective for assessments after December 31, 1991.

Testimony For: Omitted property often fails to be placed on the assessment roll because the owner did not take out a building permit for the construction. It is only fair that these taxpayers should pay interest and penalties for the period they have avoided taxes.

Testimony Against: None.

Witnesses: Representative Shirley Winsley, Prime Sponsor; and Mike Murphy, Thurston County Treasurer (both in favor).