

# HOUSE BILL REPORT

## SHB 2326

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*As Passed House  
February 13, 1992*

**Title:** An act relating to waiver of delinquent real property tax interest and penalties where a mortgage lien has been removed but the county has not notified the property owner of taxes owed.

**Brief Description:** Waiving the delinquent property tax payment penalty and interest where a mortgage lien has been removed but the property owner has not received notice of taxes due.

**Sponsor(s):** By House Committee on Revenue (originally sponsored by Representatives Winsley, Wang, Broback, Kremen, Paris, J. Kohl, Rasmussen and Miller).

**Brief History:**

Reported by House Committee on:  
Revenue, February 6, 1992, DPS;  
Passed House, February 13, 1992, 96-0.

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**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 Van Luven.

**Staff:** Rick Peterson (786-7150).

**Background:** Property tax bills are sent to taxpayers after February 15. Taxes are delinquent if not paid by April 30.

Interest and penalties are charged on delinquent taxes. The penalty for taxes that are delinquent on May 31 is 3 percent of the delinquent tax. The penalty for taxes that are delinquent on November 30 is 8 percent. The interest rate on late payments is 12 percent per year.

Many taxpayers pay monthly into an account held by their mortgage holder for the purpose of paying property taxes.

The assessor, often electronically, sends the mortgage holder the tax bill and the mortgage holder pays the tax.

If a property owner pays off their mortgage late in the year, the treasurer may send the tax bill to the mortgage holder rather than to the taxpayer's home address. This error will not be discovered until a listing of delinquent taxpayers is created after April 30.

**Summary of Bill:** Interest and penalties for delinquent property taxes will not be charged a property owner who has removed a mortgage lien by filing a record of satisfaction or release of the mortgage with the county auditor and has not received a tax bill at the taxpayer's mailing address.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** If a taxpayer has not been properly notified of taxes due, then penalties and interest should not be applied until the taxpayer has an opportunity to pay the taxes.

**Testimony Against:** None.

**Witnesses:** Representative Shirley Winsley, prime sponsor (in favor); and Mike Murphy, Thurston County Treasurer (against).