

SENATE BILL REPORT

SHB 2326

AS OF FEBRUARY 21, 1992

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.

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

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates: February 20, 1992

BACKGROUND:

Property tax bills are sent to taxpayers after February 15. Current law requires tax bills to be sent to the taxpayer who appears on the tax rolls. Since many taxpayers pay monthly into an account held by their mortgage holder for the purpose of paying property taxes, the taxpayer is generally the bank or mortgage company.

Taxes not paid by April 30 are subject to interest and penalties. The interest rate on late payments is 12 percent per year. A 3 percent penalty is imposed on taxes that are delinquent on May 31, and an 8 percent is imposed on taxes that are delinquent on November 30.

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

SUMMARY:

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.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR: None

TESTIMONY AGAINST:

This bill resulted from one person who didn't pay because he didn't receive a tax notice. The issue is the contract between the mortgage company and the property owner to pay the taxes. The county is not involved. It is the taxpayers responsibility to maintain a good address with the treasurer. People know that their property is subject to tax each year. If they are no longer paying the mortgage company, they should investigate nonreceipt of a statement. The County Treasurer requires mortgage companies to notify the treasurer, when mortgages are paid off, of the address of the taxpayer. If they don't, they are liable for the interest and the penalties. The treasurer has no way of knowing what the address of the taxpayer is when a mortgage is paid off. This bill is also unfair because it doesn't apply to people who pay their own taxes.

TESTIFIED: Phil Sanders, King County Finance Division; Mike Murphy, Thurston County Treasurer