

HB 1249

Bill Analysis

February 2, 1999

Brief Description: Requiring notice to be given to the county treasurer and the new taxpayer when an agreement between a mortgagee and mortgagor regarding payment of taxes is terminated.

Bill Sponsors: Representative Conway.

Brief Summary of Bill

- Requires a financial institution to notify the county treasurer if the institution will no longer be paying property taxes on behalf of property owner.
- Requires a county treasurer to notify the property owner within forty-five days of receiving such notice from a financial institution.

Staff: Bob Longman, 786-7139.

Background:

Property taxes are collected by the county treasurer in which the property is located. The county treasurer is required to notify the taxpayer of the amount of tax owed. Sometimes the taxes are being paid by a financial institution rather than the property owner, as provided in an agreement between the property owner and the financial institution. In this case, the treasurer sends the notice of tax due to the financial institution. If the financial institution stops paying the taxes, the property owner may not know the taxes have not been paid.

Substantial interest and penalties accrue on property taxes that are not paid on time. Property taxes are due on April 30 each year. If one half of the tax is paid by April 30, then

the other half is not due until October 31. However, if the first half property 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). A 3 percent penalty is charged on taxes delinquent on June 1. An additional 8 percent penalty is charged on taxes delinquent on December 1.

Summary of Bill:

A financial institution that is paying property taxes under an agreement with the property owner must notify the county treasurer within thirty days if the agreement is terminated. If the financial institution fails to provide the notice, it is liable for any interest and penalties incurred for delinquency of taxes on the property.

When a county treasurer receives a notice of termination from a financial institution, the treasurer must send an additional tax notice to the new taxpayer within forty-five days.

Appropriation: None.

Fiscal Note: Available.

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