
Finance Committee

HB 2785

Brief Description: Reducing delinquent property tax interest and penalties.

Sponsors: Representatives Roach, Mielke, Anderson, Bush and Pearson.

Brief Summary of Bill

- Reduces the interest rate on delinquent property taxes from 12 percent to 7 percent.
- Reduces the additional percent penalty assessed on property taxes that are delinquent on December 1 from 8 percent to 3 percent.

Hearing Date: 2/11/02

Staff: Rick Peterson (786-7150).

Background:

All real and personal property in this state is subject to the property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located.

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 due on October 31. 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). If the tax bill is below \$50, then all the tax must be paid by April 30. A penalty of 3 percent is assessed on taxes that are delinquent on June 1. An additional 8 percent penalty is assessed on taxes that are delinquent on December 1.

The interest rate of 12 percent was established in 1981. The 3 percent and 8 percent penalties were established in 1982.

Summary of Bill:

The interest rate on delinquent property taxes is reduced from 12 percent to 7 percent. The additional 8 percent penalty assessed on property taxes that are delinquent on December 1 is

reduced to 3 percent.

Appropriation: None.

Fiscal Note: Available.

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