
Finance Committee

HB 1023

Brief Description: Modifying interest and penalties on delinquent property taxes.

Sponsors: Representatives Nixon and Anderson.

Brief Summary of Bill

- Separates the property tax bill into a first half-payment due on April 30 and a second half-payment due on October 31.

Hearing Date: 1/24/03

Staff: Rick Peterson (786-7150).

Background:

All real and personal property in this state is subject to the property tax 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.

Until 1897, property taxpayers only made one payment for taxes so there was no distinction between the first and second half-payment. After 1897, taxpayers were allowed to make two payments but if late on the first payment interest was due on the entire tax bill. In 1931, the Legislature changed the law and charged interest only on the first half-payment when it was late. In 1949, the Legislature again changed the law and applied interest to the entire tax bill if the first half payment was late.

Summary of Bill:

The property tax bill is separated into a first half-payment due on April 30 and a second half-payment due on October 31. If the first half-payment is not made on time, only that portion of the tax is delinquent rather than the entire tax bill.

Appropriation: None.

Fiscal Note: Requested on January 24, 2003.

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