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**Finance Committee**

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**HB 1069**

**Brief Description:** Authorizing additional waivers on interest and penalties for delinquent property taxes.

**Sponsors:** Representatives Pflug, Gombosky, Anderson, Cairnes and Sullivan.

**Brief Summary of Bill**

- Expands penalties and interest waivers on late property taxes.

**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 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. The county treasurer mails a notice of tax due to taxpayers and collects the tax.

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.

Under limited circumstances interest and penalties owed on delinquent property taxes are waived. Penalties and interest are waived if a county fails to mail the tax due notice to a new property owner if that person's name was recorded with the county by the previous November. Penalties and interest are waived if a taxpayer misses one property tax payment on his or her personal residence due to the death of a spouse. Similarly, if a taxpayer misses one property tax payment on a parent's or step-parent's personal residence due to the death of the parent or step-parent, interest and penalties are waived on the delinquent taxes.

Penalties and interest on delinquent property taxes are deposited into the county general

expense fund.

**Summary of Bill:**

Waivers for penalties and interest on late property taxes are expanded. Penalties and interest are waived if delinquency is due to any error by the county. The county treasurer may waive penalties and interest that accrue more than one year after initial delinquency. Each county treasurer will establish guidelines for these waivers.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2003.

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