

# HOUSE BILL REPORT

## HB 1069

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### As Reported by House Committee On:

Finance

**Title:** An act relating to authorizing additional waivers on interest and penalties for delinquent property taxes.

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

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

### Brief History:

#### Committee Activity:

Finance: 1/24/03, 2/11/03 [DPS].

#### Brief Summary of Substitute Bill

- Waives interest and penalties on late property taxes if the tax bill was not sent to the taxpayer due to error by the county.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

**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.

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**Summary of Substitute Bill:**

Interest and penalties on late property tax payments are waived if the tax bill is not sent to the taxpayer due to error by the county.

**Substitute Bill Compared to Original Bill:**

The substitute bill limits the waiver of interest and penalties to cases where the tax bill is not sent to the taxpayer due to error by the county. The substitute bill removes the provision that requires county treasurers to develop guidelines to determine which taxpayers may be eligible for waivers of interest on delinquencies over one year.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill addresses a problem that came from a constituent. The county made a clerical error and failed to send the tax bill to the taxpayer's address. The taxpayer had to pay late penalties and interest. The current law exception did not apply in this case.

**Testimony Against:** The legislation should spell out the specific waivers of interest and penalties rather than providing such a broad authority. No county treasurer wants to set up individual rules on forgiving interest and penalties. The Legislature needs to establish the exceptions.

**Testified:** (In support) Representative Pflug, prime sponsor; and Representative Gombosky, sponsor.

(Opposed) Rose Bowman, Washington State Association of County Treasurers.