

SENATE BILL REPORT

ESHB 1564

As Reported By Senate Committee On:
Government Operations & Elections, March 26, 2003

Title: An act relating to clarifying county treasurer fiscal provisions.

Brief Description: Clarifying county treasurer fiscal provisions.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Alexander, Fromhold, Mielke, Kessler and Buck).

Brief History:

Committee Activity: Government Operations & Elections: 3/26/03 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Fairley, Kastama and McCaslin.

Staff: Ronda Larson (786-7429)

Background: The county treasurer is the custodian of the county's money and the administrator of the county's financial transactions. In addition, the treasurer serves special purpose districts and other units of local government.

Statutes governing treasurer duties contain several ambiguities. In the statute giving taxing districts authority to issue bonds, the term "fiscal officer" is used to designate who is to pay the interest and other charges on a taxing district's bonds. The term "fiscal officer" is undefined.

In the personal property tax lien statute, when property is sold at auction to pay delinquent taxes, the sale proceeds must go first toward the tax debt before the property owner can receive any of the proceeds. It is unclear whether mortgagors and other creditors also are limited to only the proceeds that remain after payment of taxes.

In the real property tax segregation statute, a person can request that the county segregate his or her partial interest in the property so that he or she can separately pay taxes on only that portion. Segregation cannot occur until all delinquent taxes on the entire parcel have been paid. It is ambiguous whether the phrase "all delinquent taxes" encompasses the current year's taxes.

In the real property tax lien foreclosure statutes, a person owning an interest in land being foreclosed can pay the taxes due on the property and thereby create a lien on the property. The statute does not specify whether the interest must be recorded before it gives rise to the right to create the lien.

In the tax lien foreclosure statutes, if any proceeds from a foreclosure sale remain after paying off the tax lien, the treasurer must refund the excess to the "record owner of the property" upon request. The statute is ambiguous as to whether other creditors have rights to intervene and receive the refund before it goes to the record owner.

If a person pays more property taxes than he or she should have paid, the county treasurer must refund the taxes using funds from the special purpose taxing district that collected the tax originally. It is unclear whether interest on the refund, in addition to the refund itself, also must be paid out of the taxing district's funds.

When the county treasurer collects payments from people who owe taxes or other amounts, the treasurer can accept credit card payments. It is unclear whether this rule applies to payments to special purpose taxing districts in addition to payments to the county.

Summary of Bill: Several ambiguities are clarified in statutes governing county treasurer duties. The term "fiscal officer" is replaced by "treasurer" to clarify who is authorized to pay interest and other charges on the bonds. In the personal property tax lien statute, the term "person" is defined to include property owners, mortgagers, and other creditors. For purposes of segregating property to pay taxes, a person must pay current year taxes in addition to delinquent taxes, before being granted segregation. Only a person owning a recorded interest in land being foreclosed can pay the taxes due on the property, and thereby create a lien on the property. Only the record owner is entitled to receive the excess proceeds from the foreclosure sale after the proceeds are used to pay off delinquent taxes; assignments of interests executed or recorded after issuance of the certificate of tax delinquency must not infringe upon the record owner's right to receive excess proceeds. Interest on tax overpayment refunds must be paid from the funds of the special purpose district whose tax levy was overpaid. In addition to checks and cash, a county treasurer can accept credit cards as payment for taxes and other amounts due to special purpose taxing districts within a county.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill clarifies some of the administrative matters of treasurers. Collection of property taxes is a huge part of the treasurers' job. The most important ambiguity that this bill clears up involves how the tax on personal property is dealt with when a transfer occurs and a partial interest owner wants to segregate. Treasurers continually have to clarify to people that ALL taxes on property must be paid before it is segregated. This bill is priority legislation of the Washington Association of County Officials. The Washington State Association of County Treasurers brought this bill to the Legislature.

Testimony Against: None.

Testified: PRO: Representative Gary Alexander, prime sponsor; Robin Hunt and Lisa Frazier, Washington Association of County Treasurers.