

# FINAL BILL REPORT

## SHB 1158

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Synopsis as Enacted

**Brief Description:** Modifying county treasurer administrative provisions.

**Sponsors:** By House Committee on Local Government (originally sponsored by Representatives Takko and Alexander).

**House Committee on Local Government**

**Senate Committee on Government Operations & Elections**

### **Background:**

County treasurers operate under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. County treasurers are the custodian of the county's money and the administrator of the county's financial transactions. In addition to his or her duties relating to county functions, the county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of these entities. County treasurers are responsible for the collection of various taxes (including legal proceedings to collect past due amounts) and other miscellaneous duties, such as conducting bond sales and sales of surplus county property.

### Requirements for the Filing of Documents With Governmental Entities.

Documents transmitted to state governmental entities through the United States mail are deemed to have been filed or received by such governmental entity on the date shown by the post office cancellation mark stamped upon the envelope or other wrapper. Where a document was either mailed and not received, or the required cancellation mark is illegible or missing, the document is deemed to have been timely received by the governmental entity, provided competent evidence is provided by the sender showing that the document was sent on or before the required date for filing.

### Collection Services Provided by County Treasurers.

County treasurers may provide services to other county departments with respect to the collection of various funds. Upon the receipt of such funds, a county department must deposit the funds within 24 hours unless a special waiver is granted by the county treasurer.

### Disposition of Abandoned Property Under the Uniform Unclaimed Property Act.

The Uniform Unclaimed Property Act (UUPA) sets forth the regulations controlling the identification, treatment, and disposition of abandoned or unclaimed property in the possession of state and local governmental entities. The UUPA is administered by the Department of Revenue. Certain categories of abandoned property are exempt from the provisions of the

UUPA, including lottery and parimutuel tickets, certain claims drafts issued by insurance companies, certain categories of personal property, and specified types of gift certificates.

Reporting Requirements for Governmental Entities Regarding Unclaimed Property.

Pending a claim and establishment of proof of ownership, governmental entities, including counties, are allowed to retain various categories of unclaimed funds they are holding pursuant to the UUPA. Such funds include certain cancelled warrants, uncashed checks, excess proceeds from property tax and irrigation district foreclosures, and property tax overpayments. Governmental entities are required to file reports with the Department of Revenue regarding the retention of such property that include the identification of the property and the owner.

Changes to Regulations Regarding the Calculation of Certain Interest Rates Owed to Developers as the Result of Payment Refunds.

As a general rule, the state preempts local governmental entities with respect to the collection of most types of excise taxes. Except for the collection of specified impact fees expressly allowed by statute, local governments are precluded from imposing taxes, fees, or charges related to the development of buildings or land. However, a local government may enter into a voluntary agreement with a private entity in which the entity is allowed to pay a fee in lieu of a dedication of land or to mitigate an impact resulting from a proposed development. Such agreements are subject to several requirements, including the requirement that under certain conditions the developer must be refunded such payments, with interest, if the payments are not expended by the local government. In this event, the interest must be calculated at the same rate as applied to judgments owed to property owners of record at the time of the refund, which is a fixed rate of 12 percent.

Regulations Regarding the Payment of Taxes and the Recording of Boundary Line Adjustments.

State law does not require the presentation of proof to the county auditor that the requisite tax payments have been made as a condition precedent to a boundary line adjustment being recorded by the county.

Prohibition Against Property Tax Penalties for Certain Active Duty Military Personnel.

No interest or penalties may be assessed for the period April 30, 2003, through April 30, 2005, on delinquent taxes imposed for collection in 2003 or 2004 which are imposed on the personal residences owned by military personnel who participated in the recent military operation known as "Operation Enduring Freedom."

Clarification of Regulations Regarding the Deadline for the Payment of Unpaid Real Property Tax Liens.

Persons having claims to real property subject to unpaid real property tax liens may satisfy the lien at any time before the execution of the deed of trust to the property.

Changes to Regulations Regarding Payments to Third Parties Regarding Refunds for Property Tax Errors.

County treasurers are subject to regulations regarding the payment of refunds on certain erroneously paid property taxes. The types of errors entitling a payee to a refund include, but are not limited to:

- taxes paid more than once;
- clerical or other record keeping errors by government entities;
- monies paid under levies or statutes later found to be illegal;
- monies paid by a person legally exempted from paying real property taxes; and
- certain payments made on the basis of an improperly calculated property value assessment.

Erroneous payments made by third parties having no legal interest in the property may also be refunded.

**Summary:**

Requirements for the Filing of Documents With Governmental Entities.

Documents transmitted to governmental entities through private third-party delivery services are subject to the same proof of delivery standards applied to documents sent through the United States mail. A record of the shipping date or delivery date authenticated by the private third-party delivery service will be deemed competent evidence of such shipping or delivery date.

Collection Services Provided by County Treasurer.

Money received by a county department from the county treasurer must be deposited within 24 hours in an account designated by the county treasurer unless a waiver is granted.

Revision of the Applicability of the Uniform Unclaimed Property Act.

The requirements of the Uniform Unclaimed Property Act do not apply to excess proceeds held by governmental entities obtained from foreclosures for delinquent property taxes, assessments, or other liens.

Retention of Certain Funds by Public Entities Under the Uniform Unclaimed Property Act.

Governmental entities are no longer allowed to retain funds derived from "excess proceeds from property tax and irrigation district foreclosures" pending a formal claim being made by the owner.

Changes to Regulations Regarding the Calculation of Certain Interest Rates Owed to Developers as the Result of Payment Refunds.

The calculation of interest rates owed to developers on refunds from local governments for certain unexpended land development payments are revised. The revision requires that the interest be calculated at a variable rate calculated consistent with the regulations concerning certain tax refunds, rather than the current fixed rate of 12 percent.

Regulations Regarding the Payment of Taxes and the Recording of Boundary Line Adjustments.

A boundary line adjustment may not be recorded by a county auditor absent documentary proof from the person requesting the recordation that all taxes and assessments on the affected property or properties have been paid in full.

Prohibition Against Property Tax Penalties for Certain Active Duty Military Personnel.

The assessment of interest or penalties is prohibited for unpaid property taxes owed on the personal residences of active duty military personnel that have accrued during a period of armed conflict while such personnel are on duty overseas. This prohibition is applicable to all taxes levied for collection in 2005 and thereafter. These provisions extend the duration of the tax payment benefits allowed certain military personnel and add criteria that must be satisfied before a person in the military may be eligible for such benefits.

Clarification of Regulations Regarding the Deadline for the Payment of Unpaid Real Property Tax Liens.

The deadline for the payment of unpaid liens is revised to allow persons having claims to real property subject to unpaid tax liens to satisfy such liens at any time before the filing of a certificate of delinquency. Redemption rights are subject to specified statutory requirements after a certificate of delinquency or judgment has been issued.

Changes to Regulations Regarding Payments to Third Parties Regarding Refunds for Property Tax Errors.

Third parties who erroneously pay taxes on property in which they have no legal interest are no longer entitled to refunds from a county treasurer.

**Votes on Final Passage:**

House	96	0	
Senate	44	0	(Senate amended)
House	95	0	(House concurred)

**Effective:** May 17, 2005