

SENATE BILL REPORT

SHB 2962

As Reported by Senate Committee On:
Government Operations & Elections, February 22, 2010

Title: An act relating to allowing county treasurers to use electronic bill presentment and payment that includes an automatic electronic payment option for property taxes.

Brief Description: Allowing county treasurers to use electronic bill presentment and payment that includes an automatic electronic payment option for property taxes.

Sponsors: House Committee on Local Government & Housing (originally sponsored by Representatives Probst and Hunter).

Brief History: Passed House: 2/15/10, 76-22.

Committee Activity: Government Operations & Elections: 2/22/10 [DP, DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; McDermott and Pridemore.

Minority Report: Do not pass.

Signed by Senators Benton and Swecker.

Minority Report: That it be referred without recommendation.

Signed by Senator Roach, Ranking Minority Member.

Staff: Alison Mendiola (786-7483)

Background: A county treasurer is the receiver and collector of all taxes extended upon the tax rolls of the county whether levied for state, county, school, bridge, road, municipal, or other purposes.

Property Tax. When the total amount of tax or special assessments on personal property is more than \$50 and if one-half of the tax is paid on or before April 30, the remainder of the tax is due on or before October 31.

Method of Payment. County treasurers are authorized to accept credit cards, charge cards, debit cards, smart cards, stored value cards, federal wire, and automatic clearinghouse system transactions, or other electronic communication, for any payment of any kind. A payer bears

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the cost of processing the transaction in an amount determined by the treasurer. The treasurer's cost determination must be based upon costs incurred by the treasurer, and may not exceed the additional direct costs incurred by the county to accept the specific form of payment utilized by the payer.

Summary of Bill: A county treasurer may bill and accept payments for property taxes electronically. Electronic bill payment is optional for the taxpayer and cannot be required by the county treasurer.

Electronic bill payment and presentment may be monthly or on another periodic basis. All prepayments must be paid in full according to the current due dates of April 30 and October 31, accordingly.

If a taxpayer wants to pay electronically, the treasurer must provide a payment agreement electronically that may include prepayment collection charges. The payment agreement must be signed by the taxpayer and treasurer prior to the treasurer sending an electronic bill.

Any collection costs and investment earnings on prepayments may only be used for the payment of expenses incurred by the treasurer in administering the system for collecting payments.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Many people have to make two large payments a year to the county treasurer. This bill would allow more frequent payments, which is optional for both the taxpayer and the county treasurer. This is not a new concept; it has been discussed numerous times and even when the bill passes, the conversation will continue. The initial fee for processing monthly payments would be higher as the program starts off, but the fees are only used to support this program which is a convenience and optional for the taxpayer. As more people pay electronically, the fee will decrease and eventually the county treasurers will see a savings for emailing statements. This program will be flexible and set up for the convenience and ease of the taxpayer.

CON: Opposed to the language of the bill as opposed to the concept. The bill has no limits on the fee charged or parameters for the contract between the taxpayer and county treasurer. There is no clarification as to how this relates to other fees and penalties in statute, like for foreclosures. This bill needs a lot of work and we are committed to working on it over the interim. Twenty-nine of the 39 county treasurers voted against this proposal. Payments wouldn't be monthly; for the first half of the year there would be just three payments and six for the second half and this would be confusing to the taxpayer.

Persons Testifying: PRO: Representative Probst, prime sponsor; Duane Davidson, Benton County Treasurer; Gordon Heimbigner, Walla Walla County Treasurer; Doug Lasher, Clark County Treasurer.

CON: Rose Bowman, Lewis County Treasurer, Washington State Association of County Treasurers; Ron Strabbing, Grays Harbor County Treasurer, Washington State Association of County Treasurers.