

SENATE BILL REPORT

SB 6190

As of January 19, 2010

Title: An act relating to requiring full payment of all moneys due under the certificate of delinquency prior to any change of ownership of real property after a certificate of delinquency is issued.

Brief Description: Requiring full payment of all moneys due under the certificate of delinquency prior to any change of ownership of real property after a certificate of delinquency is issued.

Sponsors: Senators Berkey and Shin.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/19/10.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Diane Smith (786-7410)

Background: Taxes assessed upon real property are a lien on the property from the first day of January in the year they are levied until the taxes are paid. After property taxes remain unpaid for three years, the county treasurer must issue a certificate of delinquency on the property, in favor of the county, for the total amount of unpaid taxes, interest, and assessments. The county treasurer files this certificate of delinquency with the clerk of the Superior Court and starts the tax foreclosure proceedings. Certificates may be issued in one general certificate in book form, including all property. Proceedings to foreclose the liens against the properties in the general certificate book may be brought in one action.

The real property may be redeemed by close of business on the day before the sale. Redemption requires payment of the amount for which the certificate of delinquency was issued plus any interest, taxes and costs that accrued since the issuance of the certificate.

At the conclusion of the tax foreclosure proceedings, as the right of the case may be, the judge issues a judgment foreclosing the tax lien. The county treasurer must, then, sell the property to the highest and best bidder, for cash. The minimum acceptable bid is the total amount of taxes, interest and costs.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

If the sale is for more than the minimum bid, the excess must be refunded to the record owner of the property who must apply for this payment. The record owner is the person who held title on the date of issuance of the certificate of delinquency. If the record owner does not make the application within three years of the date of sale, the excess is paid to the county current expense fund.

Summary of Bill: After the certificate of delinquency is issued and before the day of sale of the real property, no change in ownership of the property can occur until the money due under the certificate of delinquency is paid in full.

Appropriation: None.

Fiscal Note: Not requested.

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: This bill is about removing the profitability from scams. People go to those whose property is listed as under a certificate of delinquency and offer to absorb the loss if the property does not sell for enough to pay the taxes. The side agreement is that they also get to keep the surplus if the property sells for more than the taxes owed. The property owner does not know that in no case can the county treasurer sell the property for less than the back taxes owed. In a previous year a similar scam was addressed by requiring the surplus proceeds be sent to the owner of record. This version of the scam has found a way around that fix. The Washington Land Title Association and the Association of Realtors believe there will be unintended consequences and we are working with them to address their concerns.

Persons Testifying: PRO: Rose Bowman, Lewis County Treasurer; James McMahan, Washington Association of County Officials.