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**Ways & Means Committee**

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**HB 2149**

**Brief Description:** Concerning personal property tax assessment administration, authorizing waiver of penalties and interest under specified circumstances.

**Sponsors:** Representatives Eddy and Kenney.

**Brief Summary of Bill**

- Authorizes county assessors to waive penalties for persons or corporations failing to deliver a list of taxable personal property for taxes due in assessment year 2011 and prior.
- Authorizes county assessors to offer the penalty waiver program for taxes otherwise due in 2012 and beyond.

**Hearing Date:** 1/11/12

**Staff:** Jeff Olsen (786-7175).

**Background:**

All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law. There are two classes of property. Real property consists of land and the buildings, structures, and improvements that are affixed to land. Personal property consists of all other property, such as machinery, equipment, furniture, and supplies of businesses. Household goods and business inventories are specifically exempt from personal property tax.

The county assessor is required to make a list of all persons in the county that are subject to the assessment of personal property taxes. The listed persons must, in turn, make detailed written disclosures to the assessor regarding the personal property that is subject to assessment. A person who fails or refuses to make the requisite disclosures may be subject to monetary penalties which are added to the amount of the tax assessed against the taxpayer. The penalty for failing or refusing to provide a list of taxable personal property is subject to a 5 percent penalty,

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not to exceed \$50 per calendar day, if the failure is not more than one month. An additional 5 percent penalty is levied for each additional month, not to exceed 25 percent in total. If any person willfully gives a false list with intent to defraud, the penalty is 100 percent of the total tax. The penalties are distributed in the same manner as other property tax interest and penalties and credited to the county general expense fund.

When an assessor has discovered property has been omitted from the assessment roll, the assessor places the property on the assessment roll at the value for the year in which it was omitted. Placement of omitted property on the assessment roll is limited to three years preceding the year in which the omission is discovered. Omitted property is taxed at the levy rate of the year in which the property was omitted. Taxes from omitted property are to be paid one year from the due date for taxes on the current year's assessment roll.

**Summary of Bill:**

The county assessor may waive penalties for assessment years 2011 and prior for a person or corporation failing or refusing to deliver to the assessor a list of taxable personal property under certain circumstances. In addition, the county assessor may offer a penalty waiver program for taxes otherwise due in 2012 and beyond. To qualify, on or before July 1, 2012, the taxpayer must file with the assessor a correct list and statement of taxable personal property and a completed application for a penalty waiver. Full payment of the tax must be made to the county by September 1, 2012, of the entire balance due on all tax liabilities for which a penalty waiver is requested.

Taxpayers receiving penalty relief may not seek a refund or otherwise challenge the amount of tax liability. Personal property listed by the taxpayer is subject to verification by the assessor, and any unreported or misreported property remains subject to taxes, penalties and interest.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.