
Finance Committee

HB 2309

Brief Description: Providing fairness and flexibility in the payment of property taxes.

Sponsors: Representatives Condotta, Shea, Overstreet and Taylor.

Brief Summary of Bill

- Delays the imposition of penalties imposed on delinquent property taxes by one year.
- Applies interest and penalties only to the unpaid portion of property taxes as opposed to the full-year amount.
- Allows a county treasurer to waive interest and penalties on delinquent property taxes where a taxpayer paid the incorrect amount of tax due through apparent taxpayer error.
- Allows a county treasurer to accept partial property tax payments.

Hearing Date: 1/23/14

Staff: Jeff Mitchell (786-7139).

Background:

Property tax statements are mailed by the county treasurer in February of each year. To avoid interest and penalties, at least half of the amount due must be paid by April 30 (if the tax is less than \$50 it must be paid in full by April 30) and the balance is due by October 31. A person can pay property taxes in person or by mail. Some counties are now accepting electronic payments via the county treasurer website. Many lending companies pay the property tax for the homeowner from a property tax reserve account. In this case, tax statements are sent directly to the lending company.

If the current year first-half taxes are not paid by April 30, the entire tax amount becomes delinquent. Interest and penalty amounts on delinquent first half taxes are calculated on the entire year's tax amount. Interest is charged at one percent per month on the full amount due from the

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month of delinquency to the month of payment. A three percent penalty is also imposed on the unpaid amount of current taxes on June 1 with an additional eight percent on the unpaid amount of current taxes as of December 1.

Under certain circumstances, the county treasurer will waive interest and penalties on delinquent property taxes. This includes missed payments due to county error or taxpayer hardship associated with a family member's passing.

Summary of Bill:

The current law requirement that interest and penalties apply to the the full-year amount of property tax, regardless of amounts already paid, is modified so that these charges only apply to the unpaid balance.

The imposition of penalties is pushed back by a year. Therefore, the three percent and eight percent penalties would not apply until June 1 and December 1, respectively, of the year following the year in which the property taxes are initially due. The one-year extension does not apply if a taxpayer has been delinquent on property taxes in two or more of the prior five calendar years.

A county treasurer may waive interest and penalties on delinquent property taxes where a taxpayer paid the incorrect amount due to apparent taxpayer error and the taxpayer pays the delinquent taxes within thirty days of receiving notice that the taxes are due.

A county treasurer may accept partial payment of current and delinquent property taxes, including interest and penalties.

The bill applies to taxes levied for collection in 2015 and thereafter.

Appropriation: None.

Fiscal Note: Requested on 1/17/14.

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