
Judiciary Committee

HB 2592

Title: An act relating to county electronic public auctions.

Brief Description: Concerning county electronic public auctions.

Sponsors: Representatives Stonier, Pike, Wylie, Harris, Fey, Orcutt and Moeller.

Brief Summary of Bill

- Authorizes county tax lien foreclosure sales to be conducted via the internet or other electronic media.
- Allows a county treasurer to require a good faith deposit from auction participants, and makes provisions for forfeiture and refunds of deposits.
- Allows the county treasurer to accept electronic funds and transfers for payment at a tax foreclosure sale.
- Permits the county treasurer, rather than the county legislative authority, to determine the place of property tax lien foreclosure sales.

Hearing Date: 1/30/14

Staff: Cece Clynch (786-7195).

Background:

Tax Lien Foreclosure Sales.

After three years from the date of property tax delinquency, the county treasurer may begin foreclosure proceedings to recover past due property taxes. The first step in the process is issuance of a certificate of delinquency, for the total amount of unpaid taxes, interest, and assessments, which is then filed with the clerk of the court. Certificates of delinquency may be issued in one general certificate in book form including all property, and the proceedings to foreclose the liens against several properties may be brought in a single action with all persons interested in any of the property named as defendants in the action.

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.

Notice and summons are served or given to the owners and any person having a recorded interest in, or recorded lien upon, the property, notifying them to appear within 30 days after service and defend the action or pay the amount due. The court examines each application for judgment foreclosing a tax lien, as well as any defenses. Following court proceedings, the court gives judgment for such taxes, interest, and costs as appear to be due and issues an order for the sale of the property against which judgment is made. This order provides authority for the sale of the property.

The county treasurer must sell the property to the highest and best bidder for cash. The minimum bid is the total amount of taxes, interest, and costs. All sales "shall be made at a location in the county," on a date and time selected by the treasurer, and continue from day to day during the same hours until all lots or tracts are sold. Sales may not be conducted on Saturdays, Sundays, and holidays. Ten successive days prior notice of the sale is required, by posting in three public places in the county, one of which must be in the office of the treasurer.

Property may be redeemed at any time before the close of business the day before the sale by payment of the amount for which the certificate of delinquency was issued, together with interest, and any taxes, interest and costs accruing after issuance of the certificate of delinquency. No fee is charged for redemption. Minors and incompetent persons have three years after the date of the sale to redeem.

If the sale is for more than the minimum bid, the excess must be refunded to the record owner of the property if a refund application is made. If the county does not receive the required minimum bid, the county acquires title.

Summary of Bill:

Real Property Tax Lien Foreclosure Sales.

County tax foreclosure sales may be conducted via the internet or other electronic media, at the direction of the treasurer. Sales conducted via such means must include the following operational components:

- A component that allows bids to be submitted by computer;
- A component that authorizes the county treasurer to accept bids for as long as he or she deems necessary.

All property sold is offered and sold "as is", and the treasurer is not liable for:

- known or unknown conditions of this property including, but not limited to, errors in the assessor's records;
- the failure of a device, such as a telephone, or computer hardware, network, software application, or web site that is not owned, operated, and managed by the county, that prevents a person from participating in any tax foreclosure sale.

A treasurer may require a good faith deposit from an individual in order to participate in the auction. Deposits from a winning bidder must be applied to the balance due. If the winning bidder does not follow the terms of sale, the deposit is forfeited and credited to the treasurer's operations and maintenance fund. Deposits for all nonwinning bids must be refunded within 10 business days.

A county treasurer is also authorized to accept electronic funds transfers in payment for a purchase at a tax sale.

Language that provides that public auction sales of property conducted by or for the county must be held at such places as the county legislative authority directs is amended to except property tax lien sales.

Language relative to parcels upon which taxes were levied prior to January 9, 1926 is stricken.

New Definition Section.

A new definition section is added, defining the following terms as follows:

- "Auction" means a sale transaction conducted by means of oral or written exchanges, which include exchanges made in person or through electronic media, between an auctioneer and the members of his or her audience in person, or through the internet, which exchanges consist of a series of invitations for offers for the purchase of goods made by the auctioneer and offers to purchase made by the members of the audience and/or internet and culminate in the acceptance by the auctioneer of the highest or most favorable offer made. Bids are placed using a computer and a web browser.
- "Close of auction" means the date and time for which the county treasurer, or his or her designee, provides public notice that bidding for that public auction will end.
- "Date of the sale" means the date upon which a public auction begins.
- "Internet tax sale" means an online public auction of tax deeds used to collect delinquent real property taxes due to a county or other taxing authority.
- "Public auction" means any venue or medium to sell property under this chapter that provides reasonable access to the public to bid on and purchase tax foreclosed property.

Appropriation: None.

Fiscal Note: Not requested.

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