

SENATE BILL REPORT

ESHB 1004

As of April 1, 2013

Title: An act relating to payment of property taxes.

Brief Description: Concerning payment of property taxes.

Sponsors: House Committee on Finance (originally sponsored by Representatives Moeller, Pedersen, Blake, Hunt, Clibborn, Green, Van De Wege, Fitzgibbon, Lytton, Appleton, Stanford and Pollet).

Brief History: Passed House: 3/13/13, 98-0.

Committee Activity: Governmental Operations: 3/25/13.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Sam Thompson (786-7413)

Background: Delinquent Property Tax. Taxpayers must pay property taxes to county treasurers by April 30. However, if taxes and assessments on property total \$50 or more, taxpayers may pay one half of the total on or before April 30 and the remainder on or before October 31. If a taxpayer misses the April 30 deadline, taxes are delinquent and interest is charged at the rate of 12 percent per year – 1 percent per month. A penalty of 3 percent is assessed on taxes delinquent on June 1. An additional penalty of 8 percent is assessed on taxes delinquent on December 1. County treasurers are not authorized to accept partial payment of delinquent property taxes.

Foreclosure. Real property held by taxpayers who fail to pay property taxes is subject to foreclosure, three years after the date of delinquency. County treasurers formally commence foreclosure proceedings by filing certificates of delinquency. Counties may recover costs of foreclosure proceedings that accrue after a certificate of delinquency is filed. These costs are credited to county treasurer operation and maintenance funds to defray costs of future foreclosure proceedings. It is unclear whether counties may recover costs of foreclosure proceedings that accrue before a certificate of delinquency is filed.

Summary of Bill: Delinquent Property Tax Payments. A county treasurer may authorize payment of past-due property taxes, penalties, and interest on a monthly basis by electronic funds transfer. Monthly payments must first be applied to penalties and interest. If a taxpayer is successfully participating in a payment agreement, the county treasurer may not

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assess additional penalties on delinquent taxes included in the payment agreement. Payments on past-due taxes must include collection of taxes from the oldest delinquent year, which includes interest and taxes within a 12-month period. A county treasurer must add a delinquent tax collection charge for costs incurred by the treasurer.

Foreclosure Costs. A county treasurer may assess and collect tax foreclosure avoidance costs. Tax foreclosure avoidance costs are defined to include certain costs specifically identified with the administration of properties subject to and prior to foreclosure. Proceeds from the collection of tax foreclosure avoidance costs must generally be credited to the county treasurer service fund.

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 taxpayers struggle to pay property tax on due dates. This permissive legislation appropriately authorizes county treasurers to accept partial payments, enabling taxpayers to catch up on payments. Provisions in this bill, which were proposed in varying terms in other bills this session, may need clarification.

Persons Testifying: PRO: Representative Moeller, prime sponsor; Shawn Meyers, Assn. of County Treasurers; Monty Cobb, WA Assn. of County Officials.