

SENATE BILL REPORT

ESHB 1004

As Reported by Senate Committee On:
Governmental Operations, 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, 4/01/13 [DPA].

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass as amended.

Signed by Senators Roach, Chair; Benton, Vice Chair; Hasegawa, Ranking Member; Braun, Conway, Fraser and Rivers.

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.

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.

Summary of Bill (Recommended Amendments): A county treasurer may establish a program enabling taxpayers to make partial payments of delinquent property taxes on a monthly or quarterly basis. Partial payments:

- must, within a 12-month period, equal or exceed one year's delinquent taxes, interest, and penalties;
- may be collected by electronic payment; and
- may not be made after foreclosure proceedings are initiated to collect delinquent taxes.

EFFECT OF CHANGES MADE BY GOVERNMENTAL OPERATIONS COMMITTEE (Recommended Amendments): A striking amendment clarifies that partial payment of delinquent property taxes:

- may be made quarterly, in addition to monthly;
- must, within a 12-month period, equal or exceed one year's delinquent taxes, interest, and penalties;
- may, not must, be collected by electronic payment; and
- may not be made after foreclosure proceedings are initiated to collect delinquent taxes.

Provisions regarding payment agreements and authorizing collection of delinquent collection charges and tax foreclosure avoidance costs are deleted.

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 on Engrossed Substitute House Bill: 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.