

# SENATE BILL REPORT

## SHB 2309

---

---

As Reported by Senate Committee On:  
Governmental Operations, February 27, 2014

**Title:** An act relating to providing fairness and flexibility in the payment of property taxes.

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

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Condotta, Shea, Overstreet and Taylor).

**Brief History:** Passed House: 2/17/14, 97-0.

**Committee Activity:** Governmental Operations: 2/27/14 [DP].

---

### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

**Majority Report:** Do pass.

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

**Staff:** Sam Thompson (786-7413)

**Background:** County treasurers annually mail property tax notices to taxpayers in February. Taxpayers must pay property taxes by April 30. However, if taxes and assessments total \$50 or more, taxpayers may pay one-half of the total by April 30 and the remainder by October 31. If a taxpayer misses the April 30 deadline, taxes are delinquent and interest is charged on the full amount of tax due, accruing 12 percent per annum, computed on a monthly basis. On June 1, a 3 percent penalty is imposed on the full amount of tax due. On December 1, an additional 8 percent penalty is imposed on the unpaid balance.

A 2013 act allowed taxpayers to pay delinquent property taxes, penalties, and interest on a monthly basis under a payment agreement with a county treasurer, signed by the taxpayer and treasurer. If a taxpayer successfully participates in a payment agreement, the treasurer will not assess additional penalties.

Under certain circumstances, a county treasurer will waive interest and penalties on delinquent property taxes, including error by the county in sending a property tax notice to a taxpayer.

---

*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:** The requirement that interest and a 3 percent penalty apply to the full-year amount of property tax, regardless of amounts paid, is modified so that these charges only apply to the unpaid balance.

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

A county treasurer may waive interest and penalties on delinquent property taxes when a taxpayer paid an incorrect amount due to apparent taxpayer error and the taxpayer pays the delinquent tax within 30 days of receiving notice that taxes are due.

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

**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: This important bill will help taxpayers who, in economic downturns, cannot meet tax payment deadlines and thus face onerous interest charges and penalties. Current law allowing taxpayers to pay delinquent taxes under payment agreements has been very helpful, giving hope to persons suffering hardship. The bill appropriately grants treasurers discretion to accept partial payments and to waive interest and penalties. If this legislation is enacted, Spokane County could become a model for the rest of the state.

CON: Most taxpayers, 96–98 percent, pay taxes on time. Some taxpayers have declined to pay taxes when interest rates are high because penalties may be less than the cost of paying taxes. The 2013 legislation has allowed many taxpayers to pay delinquent taxes under agreements. When taxpayers do not pay taxes, taxing districts may have to raise levies to make up the decline in revenue. Treasurers should not determine, on a discretionary basis, whether to waive interest and penalties. This could lead to inconsistent application of standards.

**Persons Testifying:** PRO: Representative Condotta, prime sponsor; Rob Chase, Spokane County Treasurer; Debbie Gehret, Medical Lake; Mike Volz, Spokane.

CON: Meredith Green, Kitsap County Treasurer; Shawn Meyers, Thurston County Treasurer; Nona Haberman, County Treasurer's Assn.