

# SENATE BILL REPORT

## SB 5704

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As of February 21, 2013

**Title:** An act relating to tax collection by the county treasurer.

**Brief Description:** Concerning tax collection by the county treasurer.

**Sponsors:** Senators Hatfield, King and Brown.

**Brief History:**

**Committee Activity:** Governmental Operations: 2/18/13.

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### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

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

**Background:** 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:** County treasurers are authorized to assess and collect tax foreclosure avoidance costs that accrue in the year that real property taxes become three years delinquent, and prior to the filing of a certificate of delinquency. Tax foreclosure avoidance costs are costs that can be identified specifically with administration of properties subject to, and prior to, foreclosure. They can include employee compensation for time devoted specifically to administering avoidance of foreclosure proceedings and the cost of materials, services, or equipment spent specifically administering avoidance of foreclosure proceedings. Collected costs must be credited to county treasurer operation and maintenance funds to defray costs of future foreclosure proceedings.

After a treasurer has commenced efforts to collect delinquent personal property taxes, a delinquent collection charge for costs incurred by the treasurer must be added to the account.

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*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.*

**Appropriation:** None.

**Fiscal Note:** Not requested.

**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 legislation is a priority for the Washington Association of County Officials. When taxes become delinquent, treasurers send notices to taxpayers and contact them via telephone, prior to filing a certificate of delinquency. Taxpayers can then pay taxes delinquent three years – the oldest delinquency – and keep their property out of foreclosure. Treasurers currently track these costs and spread them evenly over other parcels formally in foreclosure. Allowing treasurers to recover these tax foreclosure avoidance costs from responsible parties will relieve other taxpayers of an unfair burden.

**Persons Testifying:** PRO: Shawn Meyers, Thurston County Treasurer; Monty Cobb, WA Assn. of County Officials.