
Finance Committee

HB 1539

Brief Description: Concerning hardship property tax waivers for interest and penalties.

Sponsors: Representatives Moeller and Wylie.

Brief Summary of Bill

- Enables county treasurers to provide limited waivers of interest and penalties for delinquent property taxes.

Hearing Date: 1/30/15

Staff: Richelle Geiger (786-7175).

Background:

Property tax statements are mailed by the county treasurer in February of each year. To avoid interest and penalties, at least half of the amount due must be paid by April 30 (if the tax is less than \$50 it must be paid in full by April 30) and the balance is due by October 31. A person can pay property taxes in person or by mail. Some counties are now accepting electronic payments via the county treasurer website. Many lending companies pay the property tax for the homeowner from a property tax reserve account. In this case, tax statements are sent directly to the lending company.

If the current year first-half taxes are not paid by April 30, the entire tax amount becomes delinquent. Interest and penalty amounts on delinquent first-half taxes are calculated on the entire year's tax amount. Interest is charged at 1 percent per month on the full amount due from the month of delinquency to the month of payment. A 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1 with an additional 8 percent on the unpaid amount of current taxes as of December 1. Penalties are not applied if a taxpayer is successfully participating in a payment agreement with their county treasurer.

Summary of Bill:

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.

Interest and penalties for delinquent property taxes may be waived if the taxpayer fails to make one payment by the due date on a taxpayer's personal residence under the following circumstances: (1) notice for these taxes due was not sent to a taxpayer due to an error by the United States postal service; (2) hardship caused by serious illness or death of the taxpayer's spouse or member of the taxpayer's immediate family including, but not limited to, a household member, grandparent, parent, sibling, child, or grandchild; (3) incapacity of disability, including inability to manage property and affairs effectively for reasons such as, but not limited to, mental incapacity, developmental disability, or serious physical illness; or (4) natural disaster.

The county treasurer may require documentation to prove the above conditions. The taxpayer must request a waiver and must pay the taxes within 30 days of receiving notice that the taxes are due. Interest and penalties must be reinstated if the taxpayer fails to pay the delinquent taxes by the due date if a waiver is not requested.

Appropriation: None.

Fiscal Note: Available.

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