

SENATE BILL REPORT

HB 2457

As Reported by Senate Committee On:
Government Operations & Security, February 22, 2016

Title: An act relating to recorded interests in easements by an electric utility.

Brief Description: Concerning recorded interests in easements by an electric utility.

Sponsors: Representative Young.

Brief History: Passed House: 2/10/16, 97-0.

Committee Activity: Government Operations & Security: 2/18/16, 2/22/16 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

Signed by Senators Roach, Chair; Pearson, Vice Chair; Habib, McCoy and Takko.

Staff: Karen Epps (786-7424)

Background: Property Taxes. 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 and the balance paid by October 31. If the tax is less than \$50, it must be paid in full by April 30. A person can pay property taxes in person or by mail. Some counties are now accepting electronic payments via the county treasurer website.

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.

Foreclosure. Three years from the date of property tax delinquency, the county treasurer may begin foreclosure proceedings to recover past due property taxes. Proceeds from the sale of property must first be applied to discharge liens for general taxes. However, if the county does not receive a bid that satisfies past due property taxes, penalties, and interest, the county acquires title to the land in trust for the taxing districts. Lands acquired by the county are

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called tax title lands, and no claims are allowed from taxing districts. If the property is eventually resold by the county, the proceeds from the sale are distributed to other taxing districts, including the state. Foreclosed property is subject to existing easements if the easements were recorded prior to the year for which the tax was foreclosed.

Summary of Bill: If an electric utility has a recorded interest in an easement, any foreclosure of delinquent taxes on any tract of land subject to the easement, and the tax deed issued following sale, are subject to the easement regardless of when the easement was established.

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 bill will help ratepayers by protecting the utility easement for the ratepayers. Some of the assets of an electric utility are on private property and the utility requests access easements from private property owners in order to maintain or upgrade the equipment. One electric utility reached an agreement with a property owner for an easement only to find out that the property was in tax foreclosure and the easement was null and void. Current law would have allowed the easement to stand if it had been recorded prior to the year of the foreclosure. This bill would fix this problem for electric utilities that would allow easements to stand regardless of when an agreement is reached. This bill will help in continuity of operations and is in the best interest of the members of a rural electric coop.

Persons Testifying: PRO: Representative Young, Prime Sponsor; Brian McLean, Peninsula Light Co.

Persons Signed In To Testify But Not Testifying: No one.