

# SENATE BILL REPORT

## SB 5439

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As of February 5, 2015

**Title:** An act relating to eliminating penalties for delinquent property taxes.

**Brief Description:** Eliminating penalties for delinquent property taxes.

**Sponsors:** Senators Dansel and Benton.

**Brief History:**

**Committee Activity:** Government Operations & Security: 2/03/15.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

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

**Background:** County treasurers annually mail property tax statements to taxpayers in February. To avoid interest and penalties, at least half of the amount due must be paid by April 30. The balance is due by October 31. A person can pay property taxes in person or by mail. Some counties accept electronic payments.

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:** The imposition of penalties on delinquent property taxes is eliminated. Delinquent taxes remain subject to interest.

The act applies to taxes levied for collection in 2016 and thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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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.*

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill is about keeping people in their homes. Its fiscal impact is offset by a bigger fiscal impact if taxpayers lose their homes because of inability to pay property taxes on time. The state should not charge usurious rates in penalties, and should not be exempt from a generally applicable limit on usurious rates. Interest on unpaid property taxes in current law, not affected by this bill, is sufficient.

CON: Counties largely rely upon property taxes, struggle to fund operations, and cannot absorb the significant fiscal impact of this bill. Current penalties were enacted when high interest rates prompted some taxpayers to avoid paying taxes on time. Penalty collections are decreasing. Pursuant to recent legislation, counties can work with taxpayers to enable them to pay delinquent taxes without penalties.

**Persons Testifying:** PRO: Senator Dansel, prime sponsor; Rob Chase, Spokane County Treasurer.

CON: Josh Weiss, WA Assn. of Counties; Monty Cobb, WA Assn. of County Officials.