

SENATE BILL REPORT

SB 5768

As Passed Senate, March 10, 2015

Title: An act relating to county electronic public auctions.

Brief Description: Concerning county electronic public auctions.

Sponsors: Senators Cleveland, Benton, Honeyford and Fraser.

Brief History:

Committee Activity: Government Operations & Security: 2/10/15, 2/12/15 [DP].
Passed Senate: 3/10/15, 46-3.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Liias, Ranking Minority Member; McCoy.

Staff: Karen Epps (786-7424)

Background: Counties may conduct public auctions to sell county property and real and personal property in tax foreclosure proceedings. Prior to selling county property, the board of county commissioners decides whether real or personal property owned by the county is surplus to the needs of the county. Notice and a public hearing regarding the intended sale are required in most circumstances. Written findings and a decision regarding whether to sell surplus property must be included in the commissioner's meeting minutes following the public hearing.

When the sale of county property has been authorized, it may be sold at a public auction, a privately operated consignment auction that is open to the public, or by sealed bid. The proceeds of the sale of county property must be paid to the county treasurer, except that the proceeds of the sale of used equipment must be credited to the fund used to originally purchase the equipment. Counties may establish comprehensive procedures for the management of county property that includes the sale of surplus county property.

When real property taxes become three years delinquent, the county treasurer is required to file a certificate of delinquency with the county's superior court for all years' taxes, interest, and costs. A certificate of delinquency establishes that the property was subject to property

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tax; the property was assessed as required by law; and the taxes or assessments were not paid at any time before the issuance of the certificate. All parties with recorded interest are sent notification in the form of a notice and summons by certified mail. Notification is also published in a local newspaper.

The county treasurer receives a tax judgment and order of sale from the court foreclosing on the tax lien, which authorizes the sale of the parcel. Parcels included in the tax foreclosure process can be redeemed by the owner or paid by any party with a recorded interest up until the close of business on the day before the sale. A tax foreclosure sale must be made to the highest bidder at a public auction. The minimum bid is set on behalf of the county at the total amount of taxes due, including interest and penalties. The highest successful bidder must pay the amount of taxes owed and the county refunds the excess to the recorded owner of the property.

The treasurer is also authorized to sell, at a public auction, personal property which has been obtained for failure to pay personal property taxes. Personal property may include standing timber and mobile homes.

Washington law does not explicitly authorize counties to conduct tax foreclosure auctions over the Internet.

Summary of Bill: A county may conduct a public auction sale by electronic media (electronic auction) via the Internet to sell county property or private property in real or personal property tax foreclosure proceedings. The treasurer must publish and post notice of the electronic auction. Invitations and bids are submitted through an electronic device, including a computer. In an electronic auction, the county treasurer may:

- require participants to provide a deposit;
- accept bids for as long as deemed necessary; and
- require electronic funds transfers to pay any deposits and winning bids.

A deposit from a winning bidder must be applied to the balance due. If the winning bidder does not follow the terms of sale, the deposit is forfeit and credited to the treasurer's operations and maintenance fund. Deposits for nonwinning bids must be refunded within ten business days.

All property sold is offered and sold as is. The treasurer is not liable for conditions of the property, including but not limited to errors in the assessor's records. Nor is the treasurer liable for failure of a device not owned, operated, and managed by the county that prevents a person from participating in any sale.

A statutory provision related to taxes owing in 1926 is stricken.

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 bill is aimed at increasing efficiency in government. As technology continues to advance, it is important for government to embrace those systems that allow our government to serve the public more effectively and efficiently. This bill will give clear authority for counties to conduct electronic auctions. Electronic auctions reduce sales costs and enable more bidders to participate in the process. A suggestion was made to amend the bill for some sort of condition in electronic auctions where it is required that the highest bid remain open over a period of time to allow all other bidders to have the ability to raise the bid. It needs to be clearly stated that counties may conduct a foreclosure auction as an electronic auction. Electronic auctions save the county a lot of time and money, about \$8,700 in costs each year. The county found that they received more and better bids electronically, which means more taxes are collected and more money is collected for the former owners of the property.

Persons Testifying: PRO: Senator Cleveland, prime sponsor; Rowland Thompson, Allied Daily Newspapers of WA; Doug Lasher, Clark County Treasurer; Mike Lonergan, Pierce County Assessor-Treasurer.