

HOUSE BILL REPORT

EHB 1648

As Passed Legislature

Title: An act relating to county treasurer administrative efficiencies.

Brief Description: Concerning county treasurer administrative efficiencies.

Sponsors: Representatives Stonier, Frame, Peterson, Harris, Vick, Wylie and Pike.

Brief History:

Committee Activity:

Local Government: 1/31/17, 2/9/17 [DP].

Floor Activity:

Passed House: 2/28/17, 97-1.

Senate Amended.

Passed Senate: 3/31/17, 46-0.

House Concurred.

Passed House: 4/13/17, 96-0.

Passed Legislature.

Brief Summary of Engrossed Bill

- Clarifies the county treasurer's (treasurer's) duties for collecting and accepting payment for taxes.
- Authorizes all treasurers to accept partial payments for current year taxes.
- Authorizes treasurers to accept partial payment of delinquent taxes, including interest and penalties, in instances where taxes are past due.
- Clarifies that counties may not assess a taxpayer to additional penalties and interest on delinquent taxes if he or she is successfully participating in a payment agreement.
- Authorizes electronic signatures on the mobile home real estate excise tax affidavits submitted to the Department of Revenue for the reporting of a sale of real property.
- Clarifies and limits the definition of "tax foreclosure avoidance costs" to those direct costs associated with (rather than those costs that can be identified with) the administration of properties subject to and prior to foreclosure.

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.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Appleton, Chair; McBride, Vice Chair; Griffey, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Gregerson and Peterson.

Minority Report: Do not pass. Signed by 1 member: Representative Taylor.

Staff: Yvonne Walker (786-7841).

Background:

County Treasurer Duties.

A county treasurer (treasurer) is the custodian of county money and the administrator of the county's financial transactions. A treasurer may also serve as the *ex officio* treasurer for a special purpose district (district), for example, a flood control district, irrigation district, or public utility district, and may provide financial services to districts and other units of local government. Treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements.

All real and personal property in Washington is subject to property tax, unless the law provides a specific exemption. Each treasurer is responsible for notifying each taxpayer of the amount of taxes owed on the taxpayer's property and for collecting all taxes levied on personal and real property of the county.

Collection of Property Taxes.

All taxes due on real and personal property are due and payable to the treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30 and the balance is due by October 31. If the tax is less than \$50, the entire payment must be paid in full by April 30. Delinquent tax payments are subject to interest and penalties.

Treasurers may use electronic bill presentment and payment (electronic billing) to collect taxes, assessments, fees, rates, and charges. As an option, a taxpayer may use this electronic process; however, the treasurer may not require its use.

A treasurer must provide a payment agreement to each taxpayer for payment of current year taxes including any prepayments of collection charges. In instances where tax payments are past due, the treasurer may provide a payment agreement for payment of any past due delinquent taxes. The agreement for past due delinquencies must include a requirement that current year taxes are paid timely. The taxpayer and treasurer must sign a payment agreement prior to the treasurer using any electronic billing. A treasurer may accept partial payment of current and delinquent taxes due using electronic billing and payments. If a taxpayer is successfully participating in a payment agreement the county may not assess additional penalties on delinquent taxes that are included in the payment agreement.

Tax Foreclosure Costs.

Prior to filing a certificate of delinquency, treasurers may assess and collect tax foreclosure avoidance costs against real property for costs that can be "identified specifically with" the administration of properties subject to and prior to foreclosure. Tax foreclosure avoidance costs include: (1) compensation of employees for the time devoted and identified specifically to administering the avoidance of property foreclosure; and (2) the cost of materials, services, or equipment acquired, consumed, or expended specifically for the purpose of administering tax foreclosure avoidance prior to the filing of a certificate of delinquency.

The county's current expense fund must include credits from all collections of interest on delinquent taxes. The treasurer's operation and maintenance fund, used as a revolving fund, must include any amounts collected from the cost of foreclosure and sale of real property and the costs of distraint and sale of personal property, for delinquent taxes. This revolving fund defrays the cost of further foreclosure, distraint, and sale of real and personal property for delinquent taxes without regard to budget limitations.

Excise Tax Affidavits.

When a mobile home is sold and no instrument is recorded in the official real property records of the county where the property is located, the sale of the property must be reported to the Department of Revenue (DOR) within five days from the date of sale. The report must be submitted on forms and according to procedures as prescribed by the DOR. For purposes of mobile home real estate excise tax affidavits, both the transferor and transferee must sign the forms and the forms must accompany payment of any tax due.

Summary of Engrossed Bill:

The treasurer's duties for collecting and accepting payment for taxes are clarified.

County Treasurer Duties.

Treasurers must provide a printed notice or electronically publish the amount of taxes owed for each taxpayer. The name of each tax and levy in the property tax information posted located on a treasurer's website satisfies the notice requirement if real property taxes are paid by a bank.

Collection of Property Taxes.

All treasurers are explicitly authorized to accept partial payments for current year taxes. Treasurers may, but are not required, to provide a payment agreement that provides for payment of current year taxes.

In instances where taxes are past due, treasurers may also accept partial payment of delinquent taxes including any interest and penalties. A treasurer may provide a payment agreement to a taxpayer for payment of past due delinquencies. If a taxpayer is successfully participating in a payment agreement, the taxpayer may get relief from additional penalties and interest and the county may not assess any additional penalties on delinquent taxes that are included within the payment agreement.

Tax Foreclosure Costs.

The definition of "tax foreclosure avoidance costs" is amended to include those "direct costs" associated with (rather than costs that can be "identified with") the administration of properties subject to and prior to foreclosure. As a result, the proceeds from the direct cost of foreclosure and direct costs of distraint, due to delinquent taxes, must be credited to the operation and maintenance fund of the county treasurer prosecuting the foreclosure or distraint.

Excise Tax Affidavits.

When real property is sold but no instrument is recorded in the official real property records, mobile home real estate excise tax affidavits submitted to the DOR must be signed, manually or electronically, by both the transferor and transferee.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is a result of local jurisdictions identifying areas of savings, efficiencies, and automation. In order to achieve these savings and efficiencies, laws need to be updated.

This bill addresses three changes. First, it would allow the option to use the published tax information on a county website for those taxpayers whose mortgage companies pay their taxes. Over the last 26 years, since the original statutes went into effect, technology has changed significantly. The second change in the bill streamlines the payment system by allowing treasurers to receive partial payments sent by taxpayers through their bank's bill payer system. Presently, the statute requires the correct payment, and if the partial payment is not made whole, the county is required to reverse the accounting and send back the partial payment. The last change in the bill would allow counties to automate mobile home real estate excise tax affidavits by having the option for electronic signature.

It is important to change the law now so that local jurisdictions can start the planning and financial commitment toward the development of software in the future. This bill will help streamline operations of local jurisdictions and will help them save money. This bill brings the laws up to date and makes several technical changes to make sure the laws reflects technology.

(Opposed) None.

Persons Testifying: Representative Stonier, prime sponsor; and Doug Lasher, Clark County.

Persons Signed In To Testify But Not Testifying: None.