Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Local Government Committee

HB 1991

Brief Description: Clarifying the county treasurer's administration of payments and costs related to delinquent properties.

Sponsors: Representatives Volz, Stonier, McCaslin, Taylor, Shea, Koster and Holy.

Brief Summary of Bill

- Clarifies the treasurer's duties for collecting and accepting payment for taxes.
- 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.

Hearing Date: 2/14/17

Staff: Yvonne Walker (786-7841).

Background:

<u>County Treasurers</u>.
A county treasurer (treasurer) is the custodian of county money and the administrator of the county's financial transactions. The 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 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 due must be paid by April 30 and the balance is due by October 31. If the tax is less than $50 it must be paid in full by April 30. Delinquent tax payments are subject to interest and penalties.

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.

Prior to filing a certificate of delinquency, treasurers are authorized to 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.

All collections of interest on delinquent taxes must be credited to the county's current expense fund. 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, must be credited to the treasurer's operation and maintenance fund and used as a revolving fund. 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.

Treasurers may use electronic bill presentment and payment (electronic billing) to collect partial payment of current and delinquent taxes, including interest and penalties. This process may be utilized as an option by the taxpayer, but the treasurer may not require its use.

Summary of Bill:

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

The definition of "tax foreclosure avoidance costs" is clarified and limited 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. Proceeds from the direct cost of foreclosure and sale of real property, and the direct fees and costs of distraint and sale of personal property, used by the treasurer as a revolving fund, are not subject to indirect costs of other charges.

Appropriation: None.

Fiscal Note: Available.

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