

HOUSE BILL REPORT

HB 1634

As Passed House:
March 9, 2019

Title: An act relating to requiring property sold in tax lien foreclosure proceedings to be sold as is.

Brief Description: Requiring property sold in tax lien foreclosure proceedings to be sold as is.

Sponsors: Representatives Goehner and Eslick.

Brief History:

Committee Activity:

Local Government: 2/5/19, 2/13/19 [DP].

Floor Activity:

Passed House: 3/9/19, 96-0.

Brief Summary of Bill

- Requires property sold in tax lien foreclosure proceedings to be sold as-is.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner and Senn.

Staff: Robbi Kesler (786-7153).

Background:

The county treasurer may begin foreclosure proceedings to recover past due property taxes three years from the date of property tax delinquency. The first step in the process is issuance of a certificate of delinquency for the total amount of unpaid taxes, interest, penalties, and assessments, which is then filed with the clerk of the court.

Notices and summons are served or given to the owners and any person having a recorded interest in, or recorded lien upon, the property, notifying them to appear within 30 days after

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service and defend the action or pay the amount due. Following court proceedings, the court gives judgment for such taxes, interest, and costs as they appear to be due and issues an order for the sale of the property against which judgment is made. This order provides authority for the sale of the property.

The county treasurer must sell the property to the highest and best bidder. The minimum bid is the total amount of taxes, interest, penalties, and costs. Property may be redeemed at any time before the close of business the day before the sale by payment of the amount for which the certificate of delinquency was issued, together with interest, and any taxes, interest, and costs accruing after issuance of the certificate of delinquency.

If the sale is for more than the minimum bid, the excess must be refunded to the record owner of the property if a refund application is made. If the county does not receive the required minimum bid, the county acquires title.

Summary of Bill:

Any property sold by a county treasurer in a tax lien foreclosure sale must be sold "as is." There is no guarantee or warranty of any kind, express or implied, relative but not limited to: title; eligibility to build upon or subdivide the property; zoning or land use; condition of the property; or suitability for any use.

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) Properties that counties acquire through tax lien foreclosure are sold to the public, and the county's interest is recouping the tax lien. This bill adds a "buyer beware" to the sales process. Buyers should do their due diligence and should check out the property in order to feel comfortable placing a bid. Historically, legal practice is to sell where is, as-is. Most of the public is not familiar with this common law related to as-is, and this presents a problem when the buyer expects to be able to build or modify the property in a way the county or city does not allow. This bill tells the buyer that the sale is as-is. This will decrease costs to counties as there has been ongoing litigation brought by buyers and will help counties decrease unnecessary litigation.

(Opposed) None.

Persons Testifying: Representative Goehner, prime sponsor; and Doug Lasher.

Persons Signed In To Testify But Not Testifying: None.