

HOUSE BILL REPORT

SB 5132

As Passed House - Amended:
April 9, 2019

Title: An act relating to noncollection of taxes by county treasurers.

Brief Description: Addressing noncollection of taxes by county treasurers.

Sponsors: Senators Takko and Short.

Brief History:

Committee Activity:

Local Government: 3/26/19, 3/27/19 [DP].

Floor Activity:

Passed House - Amended: 4/9/19, 97-0.

**Brief Summary of Bill
(As Amended by House)**

- Provides that a county treasurer can no longer be held liable for solely neglecting to collect taxes; however, willful refusal to collect taxes remains punishable.
- Requires each county treasurer to annually report the amount of uncollected taxes to the Department of Commerce (COM) in cases where the county treasurer has willfully refused to collect such taxes.
- Requires the COM to provide a summary of the uncollected taxes to the Legislature by July 15 of each year.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 5 members: Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Goehner and Senn.

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

Staff: Yvonne Walker (786-7841).

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.

Background:

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 (SPD) (such as a flood control district, irrigation district, or public utility district) and may provide financial services to SPDs 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 one-half of the amount due must be paid by April 30 with the balance due by October 31. Delinquent tax payments are subject to interest and penalties.

By the first Monday of February of each year, treasurers must provide an annual report to the county auditor. The report must reflect the amount of taxes collected and uncollected as of December 31 of the prior year.

A treasurer who willfully refuses or neglects to collect taxes assessed upon personal property or file a list of those taxes that remain uncollected and delinquent can be held liable for the amount due. The amount due of any such uncollected taxes must be deducted from the treasurer's salary and applied to the funds for which they were levied.

Summary of Bill:

A treasurer can no longer be held liable for solely neglecting to collect taxes; however, willfully refusing to collect taxes remains punishable.

By June 30 of each year, each county treasurer must annually report the amount of uncollected personal property and real property taxes to the Department of Commerce in cases where the county treasurer has willfully refused to collect such taxes. The Department of Commerce must submit a summary of that list of uncollected taxes to the legislature by July 15 of each year.

Appropriation: None.

Fiscal Note: Not requested.

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) The statute specifies two conditions where a treasurer can be held personally liable for uncollected taxes: (1) when the treasurer willfully refuses to collect taxes; and (2) when the treasurer neglects to collect taxes. Willfully refusing to collect taxes is clearly defined but neglecting to collect taxes is a bit more nebulous and subjective.

It is often difficult to collect taxes on personal property. It is not that a treasurer does not want to collect taxes but that it is sometimes a difficult task to do. In these cases a treasurer should not be held liable. If a treasurer willfully does not collect taxes then the treasurer can still be held liable but if they just cannot collect taxes then they should not be punished for that.

(Opposed) None.

Persons Testifying: Senator Takko, prime sponsor; and Jeff Gadman, Washington State Association of County Treasurers.

Persons Signed In To Testify But Not Testifying: None.