
SUBSTITUTE HOUSE BILL 1105

State of Washington

66th Legislature

2019 Regular Session

By House Local Government (originally sponsored by Representatives Orwall, Ryu, Wylie, Pollet, Stanford, and Frame)

READ FIRST TIME 01/25/19.

1 AN ACT Relating to protecting taxpayers from home foreclosure;
2 amending RCW 84.56.020, 84.64.225, 36.35.110, and 84.64.050; adding a
3 new section to chapter 84.56 RCW; adding a new chapter to Title 36
4 RCW; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.56.020 and 2017 c 142 s 1 are each amended to
7 read as follows:

8 **Treasurers' tax collection duties.**

9 (1) The county treasurer must be the receiver and collector of
10 all taxes extended upon the tax rolls of the county, whether levied
11 for state, county, school, bridge, road, municipal or other purposes,
12 and also of all fines, forfeitures or penalties received by any
13 person or officer for the use of his or her county. No treasurer may
14 accept tax payments or issue receipts for the same until the
15 treasurer has completed the tax roll for the current year's
16 collection and provided notification of the completion of the roll.
17 Notification may be accomplished electronically, by posting a notice
18 in the office, or through other written communication as determined
19 by the treasurer. All real and personal property taxes and
20 assessments made payable by the provisions of this title are due and
21 payable to the county treasurer on or before the thirtieth day of

1 April and, except as provided in this section, are delinquent after
2 that date.

3 **Tax statements.**

4 (2) (a) Tax statements for the current year's collection must be
5 distributed to each taxpayer on or before March 15th provided that:

6 (i) All city and other taxing district budgets have been
7 submitted to county legislative authorities by November 30th per RCW
8 84.52.020;

9 (ii) The county legislative authority in turn has certified taxes
10 levied to the county assessor by November 30th per RCW 84.52.070; and

11 (iii) The county assessor has delivered the tax roll to the
12 county treasurer by January 15th per RCW 84.52.080.

13 (b) Each tax statement must include a notice that checks for
14 payment of taxes may be made payable to "Treasurer of
15 County" or other appropriate office, but tax statements may not
16 include any suggestion that checks may be made payable to the name of
17 the individual holding the office of treasurer nor any other
18 individual.

19 **Tax payment due dates.**

20 **On-time tax payments: First-half taxes paid by April 30th and**
21 **second-half taxes paid by October 31st.**

22 (3) When the total amount of tax or special assessments on
23 personal property or on any lot, block or tract of real property
24 payable by one person is fifty dollars or more, and if one-half of
25 such tax is paid on or before the thirtieth day of April, the
26 remainder of such tax is due and payable on or before the following
27 thirty-first day of October and is delinquent after that date.

28 **Delinquent tax payments for current year: First-half taxes paid**
29 **after April 30th.**

30 (4) When the total amount of tax or special assessments on any
31 lot, block or tract of real property or on any mobile home payable by
32 one person is fifty dollars or more, and if one-half of such tax is
33 paid after the thirtieth day of April but before the thirty-first day
34 of October, together with the applicable interest and penalty on the
35 full amount of tax payable for that year, the remainder of such tax
36 is due and payable on or before the following thirty-first day of
37 October and is delinquent after that date.

38 **Delinquent tax payments: Interest, penalties, and treasurer**
39 **duties.**

1 (5) Except as provided in (c) of this subsection, delinquent
2 taxes under this section are subject to interest at the rate of
3 twelve percent per annum computed on a monthly basis on the amount of
4 tax delinquent from the date of delinquency until paid. Interest must
5 be calculated at the rate in effect at the time of the tax payment,
6 regardless of when the taxes were first delinquent. In addition,
7 delinquent taxes under this section are subject to penalties as
8 follows:

9 (a) A penalty of three percent of the amount of tax delinquent is
10 assessed on the tax delinquent on June 1st of the year in which the
11 tax is due.

12 (b) An additional penalty of eight percent is assessed on the
13 delinquent tax amount on December 1st of the year in which the tax is
14 due.

15 (c) If a taxpayer is successfully participating in a payment
16 agreement under subsection (~~((12))~~) (15)(b) of this section or a
17 partial payment program pursuant to subsection (~~((13))~~) (15)(c) of
18 this section, the county treasurer may not assess additional
19 penalties on delinquent taxes that are included within the payment
20 agreement. Interest and penalties that have been assessed prior to
21 the payment agreement remain due and payable as provided in the
22 payment agreement.

23 (6) A county treasurer must provide notification to each taxpayer
24 whose taxes have become delinquent under subsections (4) and (5) of
25 this section. The delinquency notice must include:

26 (a) Any current tax or special assessments due as of the date of
27 the notice;

28 (b) Any delinquent tax or special assessments due, including any
29 penalties and interest, as of the date of the notice; and

30 (c) Where the taxpayer pays his or her property taxes directly,
31 the contact information, including but not limited to the phone
32 number, for the statewide foreclosure hotline recommended by the
33 Washington state housing finance commission.

34 (7) After the expiration of two years from the date of
35 delinquency (when a taxpayer's taxes have become delinquent), the
36 county treasurer must provide the name and property address of the
37 delinquent taxpayer to a homeownership resource center or any other
38 designated local or state entity recommended by the Washington state
39 housing finance commission within ninety days.

40 **Collection of foreclosure costs.**

1 (8)(a) When real property taxes become delinquent and prior to
2 the filing of the certificate of delinquency, the treasurer is
3 authorized to assess and collect tax foreclosure avoidance costs.

4 ~~((For the purposes of this section, "tax foreclosure~~
5 ~~avoidance costs" means those direct costs associated with the~~
6 ~~administration of properties subject to and prior to foreclosure. Tax~~
7 ~~foreclosure avoidance costs include:~~

8 ~~(i) Compensation of employees for the time devoted to~~
9 ~~administering the avoidance of property foreclosure; and~~

10 ~~(ii) The cost of materials, services, or equipment acquired,~~
11 ~~consumed, or expended in administering tax foreclosure avoidance~~
12 ~~prior to the filing of a certificate of delinquency.~~

13 ~~(e))~~ When tax foreclosure avoidance costs are collected, such
14 costs must be credited to the county treasurer service fund account,
15 except as otherwise directed.

16 ~~((d))~~ (c) For purposes of chapter 84.64 RCW, any taxes,
17 interest, or penalties deemed delinquent under this section remain
18 delinquent until such time as all taxes, interest, and penalties for
19 the tax year in which the taxes were first due and payable have been
20 paid in full.

21 ~~((7))~~ **Periods of armed conflict.**

22 (9) Subsection (5) of this section notwithstanding, no interest
23 or penalties may be assessed during any period of armed conflict
24 regarding delinquent taxes imposed on the personal residences owned
25 by active duty military personnel who are participating as part of
26 one of the branches of the military involved in the conflict and
27 assigned to a duty station outside the territorial boundaries of the
28 United States.

29 ~~((8))~~ **State of emergency.**

30 (10) During a state of emergency declared under RCW
31 43.06.010(12), the county treasurer, on his or her own motion or at
32 the request of any taxpayer affected by the emergency, may grant
33 extensions of the due date of any taxes payable under this section as
34 the treasurer deems proper.

35 ~~((9))~~ **Retention of funds from interest.**

36 (11) All collections of interest on delinquent taxes must be
37 credited to the county current expense fund.

38 ~~((10))~~ (12) For purposes of this chapter, "interest" means both
39 interest and penalties.

40 ~~((11))~~ **Retention of funds from property foreclosures and sales.**

1 (13) The direct cost of foreclosure and sale of real property,
2 and the direct fees and costs of distraint and sale of personal
3 property, for delinquent taxes, must, when collected, be credited to
4 the operation and maintenance fund of the county treasurer
5 prosecuting the foreclosure or distraint or sale; and must be used by
6 the county treasurer as a revolving fund to defray the cost of
7 further foreclosure, distraint, and sale because of delinquent taxes
8 without regard to budget limitations and not subject to indirect
9 costs of other charges.

10 ~~((12)(a))~~ **Tax due dates and options for tax payment**
11 **collections.**

12 **Electronic billings and payments.**

13 (14) For purposes of this chapter, and in accordance with this
14 section and RCW 36.29.190, the treasurer may collect taxes,
15 assessments, fees, rates, interest, and charges by electronic billing
16 and payment. Electronic billing and payment may be used as an option
17 by the taxpayer, but the treasurer may not require the use of
18 electronic billing and payment. Electronic bill presentment and
19 payment may be on a monthly or other periodic basis as the treasurer
20 deems proper for:

21 (a) Delinquent tax year payments ~~((only or for))~~; and

22 (b) Prepayments of current tax.

23 **Tax payments.**

24 **Prepayment for current taxes.**

25 (15)(a) The treasurer may accept prepayments for current year
26 taxes by any means authorized. All prepayments must be paid in full
27 by the due date specified in ~~((c) of this)~~ subsection (16) of this
28 section. ~~((Payments on past due taxes must include collection of the~~
29 ~~oldest delinquent year, which includes interest and taxes within a~~
30 ~~twelve-month period, prior to filing a certificate of delinquency~~
31 ~~under chapter 84.64 RCW or distraint pursuant to RCW 84.56.070.))~~

32 **Payment agreements for current year taxes.**

33 (b)(i) The treasurer may provide, by electronic means or
34 otherwise, a payment agreement that provides for payment of current
35 year taxes, inclusive of prepayment collection charges. The payment
36 agreement must be signed by the taxpayer and treasurer or the
37 treasurer's deputy prior to the sending of an electronic or
38 alternative bill, which includes a payment plan for current year
39 taxes.

40 **Payment agreements for delinquent year taxes.**

1 (ii)(A) The treasurer may provide, by electronic means or
2 otherwise, a payment agreement for payment of past due
3 delinquencies (~~(, which must also require current year taxes to be~~
4 ~~paid timely)~~). The payment agreement must be signed by the taxpayer
5 and treasurer or the treasurer's deputy prior to the sending of an
6 electronic or alternative bill, which includes a payment plan for
7 (~~current year taxes. The treasurer may accept partial payment of~~
8 ~~current and delinquent taxes including interest and penalties using~~
9 ~~electronic bill presentment and payments.~~

10 ~~(e))~~ past due delinquent taxes and charges.

11 (B) Tax payments received by a treasurer for delinquent year
12 taxes from a taxpayer participating on a payment agreement must be
13 applied first to the oldest delinquent year unless such taxpayer
14 requests otherwise.

15 **Partial payments: Acceptance of partial payments for current and**
16 **delinquent taxes.**

17 (c)(i) In addition to the payment agreement program in (b) of
18 this subsection, the treasurer may accept partial payment of any
19 current and delinquent taxes including interest and penalties by any
20 means authorized including electronic bill presentment and payments.

21 (ii) All tax payments received by a treasurer for delinquent year
22 taxes from a taxpayer paying a partial payment must be applied first
23 to the oldest delinquent year unless such taxpayer requests
24 otherwise.

25 **Payment for delinquent taxes.**

26 (d) Payments on past due taxes must include collection of the
27 oldest delinquent year, which includes interest and taxes within a
28 twelve-month period, prior to filing a certificate of delinquency
29 under chapter 84.64 RCW or distraint pursuant to RCW 84.56.070.

30 **Due date for tax payments.**

31 (16) All taxes upon real and personal property made payable by
32 the provisions of this title are due and payable to the treasurer on
33 or before the thirtieth day of April and are delinquent after that
34 date. The remainder of the tax is due and payable on or before the
35 following thirty-first of October and is delinquent after that date.
36 All other assessments, fees, rates, and charges are delinquent after
37 the due date.

38 ~~((d))~~ **Electronic funds transfers.**

39 (17) A county treasurer may authorize payment of:

1 (a) Any current property taxes due under this chapter by
2 electronic funds transfers on a monthly or other periodic basis; and

3 (b) Any past due property taxes, penalties, and interest under
4 this chapter by electronic funds transfers on a monthly or other
5 periodic basis. Delinquent taxes are subject to interest and
6 penalties, as provided in subsection (5) of this section. All tax
7 payments received by a treasurer from a taxpayer paying delinquent
8 year taxes must be applied first to the oldest delinquent year unless
9 such taxpayer requests otherwise.

10 ~~((e))~~ **Payment for administering prepayment collections.**

11 (18) The treasurer must pay any collection costs, investment
12 earnings, or both on past due payments or prepayments to the credit
13 of a county treasurer service fund account to be created and used
14 only for the payment of expenses incurred by the treasurer, without
15 limitation, in administering the system for collecting prepayments.

16 ~~((13) In addition to the payment program in subsection (12) (b)~~
17 ~~of this section, the treasurer may accept partial payment of current~~
18 ~~and delinquent taxes including interest and penalties by any means~~
19 ~~authorized.~~

20 ~~(14) For purposes of this section unless the context clearly~~
21 ~~requires otherwise, the following definitions apply:))~~

22 **Definitions.**

23 (19) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Electronic billing and payment" means statements, invoices,
26 or bills that are created, delivered, and paid using the internet.
27 The term includes an automatic electronic payment from a person's
28 checking account, debit account, or credit card.

29 (b) "Internet" has the same meaning as provided in RCW
30 19.270.010.

31 (c) "Tax foreclosure avoidance costs" means those direct costs
32 associated with the administration of properties subject to and prior
33 to foreclosure. Tax foreclosure avoidance costs include:

34 (i) Compensation of employees for the time devoted to
35 administering the avoidance of property foreclosure; and

36 (ii) The cost of materials, services, or equipment acquired,
37 consumed, or expended in administering tax foreclosure avoidance
38 prior to the filing of a certificate of delinquency.

1 NEW SECTION. **Sec. 2.** (1) The county legislative authority may
2 levy a dwelling assessment fee against each parcel of land. For
3 purposes of this section, "dwelling unit" has the same meaning as in
4 RCW 59.18.030. The dwelling assessment rate shall be fifty cents per
5 dwelling unit located on each parcel.

6 (2) Each county must annually remit the receipts from the
7 dwelling assessments collected during that year to the state
8 treasurer for deposit as follows:

9 (a) Fifty percent of all receipts received under subsection (1)
10 of this section shall be deposited into the counselor referral
11 hotline account created in section 3(1) of this act; and

12 (b) Fifty percent of all receipts received under subsection (1)
13 of this section shall be deposited into the housing counseling
14 activities account created in section 3(2) of this act.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.56
16 RCW to read as follows:

17 (1) The counselor referral hotline account is created in the
18 custody of the state treasurer. All receipts received under section 2
19 of this act must be deposited into the account. Only the director of
20 the department of commerce or the director's designee may authorize
21 expenditures from the account. Funding to agencies and organizations
22 under this section must be provided by the department through an
23 interagency agreement or other applicable contract instrument to fund
24 the counselor referral hotline created under chapter 61.24 RCW. The
25 account is subject to allotment procedures under chapter 43.88 RCW,
26 but an appropriation is not required for expenditures.

27 (2) The housing counseling activities account is created in the
28 custody of the state treasurer. All receipts received under section 2
29 of this act must be deposited into the account. Only the director of
30 the department of commerce or the director's designee may authorize
31 expenditures from the account. Funding to agencies and organizations
32 under this section must be provided by the department through an
33 interagency agreement or other applicable contract instrument to fund
34 housing counseling activities. The account is subject to allotment
35 procedures under chapter 43.88 RCW, but an appropriation is not
36 required for expenditures.

37 **Sec. 4.** RCW 84.64.225 and 2015 c 95 s 11 are each amended to
38 read as follows:

1 (1) In lieu of the sale procedure specified in RCW 84.56.070 or
2 84.64.080, the county treasurer may conduct a public auction sale by
3 electronic media as provided in RCW 36.16.145.

4 (2) Notice of a public auction sale by electronic media must be
5 substantially in the following form:

6 TAX JUDGMENT SALE BY ELECTRONIC MEDIA

7 Public notice is hereby given that pursuant to a tax judgment of
8 the superior court of the county of in the state of
9 Washington, and an order of sale duly issued by the court, entered
10 the day of , , in proceedings for
11 foreclosure of tax liens, I shall on the day
12 of , , commencing at o'clock , at . .
13 [specify web site address] , sell the property to the
14 highest and best bidder to satisfy the full amount of taxes,
15 interest, and costs adjudged to be due. Prospective bidders must
16 deposit to participate in bidding. A deposit paid by a
17 winning bidder will be applied to the balance due. However, a winning
18 bidder who does not comply with the terms of sale will forfeit the
19 deposit. Deposits paid by nonwinning bidders will be refunded within
20 ten business days of the close of the sale. Payment of deposits and a
21 winning bid must be made by electronic funds transfer. A winning
22 bidder is allowed no less than forty-eight hours to pay the winning
23 bid by electronic funds transfer.

24 In witness whereof, I have affixed my hand and seal this
25 day of ,

26 Treasurer of county.

27 **Sec. 5.** RCW 36.35.110 and 2013 c 221 s 2 are each amended to
28 read as follows:

29 (1) No claims are allowed against the county from any
30 municipality, school district, road district or other taxing district
31 for taxes levied on property acquired by the county by tax deed under
32 the provisions of this chapter, but all taxes must at the time of
33 deeding the property be thereby canceled. However, the proceeds of
34 any sale of any property acquired by the county by tax deed must
35 first be applied to reimburse the county for the costs of foreclosure
36 and sale. The remainder of the proceeds, if any, must be applied to
37 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the
38 property, including accrued interest, and outstanding at the time the

1 county acquired the property by tax deed. The remainder of the
2 proceeds, if any, must be justly apportioned to the various funds
3 existing at the date of the sale, in the territory in which such
4 property is located, according to the tax levies of the year last in
5 process of collection.

6 (2) For purposes of this section, "costs of foreclosure and sale"
7 means those costs of foreclosing on the property that, when
8 collected, are subject to RCW 84.56.020(~~(+9)~~) (13), and the direct
9 costs incurred by the county in selling the property.

10 **Sec. 6.** RCW 84.64.050 and 2013 c 221 s 12 are each amended to
11 read as follows:

12 (1) Except as provided in subsection (7), after the expiration of
13 three years from the date of delinquency, when any property remains
14 on the tax rolls for which no certificate of delinquency has been
15 issued, the county treasurer must proceed to issue certificates of
16 delinquency on the property to the county for all years' taxes,
17 interest, and costs. However, the county treasurer, with the consent
18 of the county legislative authority, may elect to issue a certificate
19 for fewer than all years' taxes, interest, and costs to a minimum of
20 the taxes, interest, and costs for the earliest year.

21 (2) Certificates of delinquency are prima facie evidence that:

22 (a) The property described was subject to taxation at the time
23 the same was assessed;

24 (b) The property was assessed as required by law;

25 (c) The taxes or assessments were not paid at any time before the
26 issuance of the certificate;

27 (d) Such certificate has the same force and effect as a lis
28 pendens required under chapter 4.28 RCW.

29 (3) The county treasurer may include in the certificate of
30 delinquency any assessments which are due on the property and are the
31 responsibility of the county treasurer to collect. However, if the
32 department of revenue has previously notified the county treasurer in
33 writing that the property has a lien on it for deferred property
34 taxes, the county treasurer must include in the certificate of
35 delinquency any amounts deferred under chapters 84.37 and 84.38 RCW
36 that remain unpaid, including accrued interest and costs.

37 (4) The treasurer must file the certificates when completed with
38 the clerk of the court at no cost to the treasurer, and the treasurer
39 must thereupon, with legal assistance from the county prosecuting

1 attorney, proceed to foreclose in the name of the county, the tax
2 liens embraced in such certificates. Notice and summons must be
3 served or notice given in a manner reasonably calculated to inform
4 the owner or owners, and any person having a recorded interest in or
5 lien of record upon the property, of the foreclosure action to appear
6 within thirty days after service of such notice and defend such
7 action or pay the amount due. Either (a) personal service upon the
8 owner or owners and any person having a recorded interest in or lien
9 of record upon the property, or (b) publication once in a newspaper
10 of general circulation, which is circulated in the area of the
11 property and mailing of notice by certified mail to the owner or
12 owners and any person having a recorded interest in or lien of record
13 upon the property, or, if a mailing address is unavailable, personal
14 service upon the occupant of the property, if any, is sufficient. If
15 such notice is returned as unclaimed, the treasurer must send notice
16 by regular first-class mail. The notice must include the legal
17 description on the tax rolls, the year or years for which assessed,
18 the amount of tax and interest due, and the name of owner, or reputed
19 owner, if known, and the notice must include the local street
20 address, if any, for informational purposes only. The certificates of
21 delinquency issued to the county may be issued in one general
22 certificate in book form including all property, and the proceedings
23 to foreclose the liens against the property may be brought in one
24 action and all persons interested in any of the property involved in
25 the proceedings may be made codefendants in the action, and if
26 unknown may be therein named as unknown owners, and the publication
27 of such notice is sufficient service thereof on all persons
28 interested in the property described therein, except as provided
29 above. The person or persons whose name or names appear on the
30 treasurer's rolls as the owner or owners of the property must be
31 considered and treated as the owner or owners of the property for the
32 purpose of this section, and if upon the treasurer's rolls it appears
33 that the owner or owners of the property are unknown, then the
34 property must be proceeded against, as belonging to an unknown owner
35 or owners, as the case may be, and all persons owning or claiming to
36 own, or having or claiming to have an interest therein, are hereby
37 required to take notice of the proceedings and of any and all steps
38 thereunder. However, prior to the sale of the property, the treasurer
39 must order or conduct a title search of the property to be sold to
40 determine the legal description of the property to be sold and the

1 record title holder, and if the record title holder or holders differ
2 from the person or persons whose name or names appear on the
3 treasurer's rolls as the owner or owners, the record title holder or
4 holders must be considered and treated as the owner or owners of the
5 property for the purpose of this section, and are entitled to the
6 notice provided for in this section. Such title search must be
7 included in the costs of foreclosure.

8 (5) If the title search required by subsection (4) of this
9 section reveals a lien in favor of the state for deferred taxes on
10 the property under RCW 84.37.070 or 84.38.100 and such deferred taxes
11 are not already included in the certificate of delinquency, the
12 county treasurer must issue an amended certificate of delinquency on
13 the property to include the outstanding amount of deferred taxes,
14 including accrued interest. The amended certificate of delinquency
15 must be filed with the clerk of the court as provided in subsection
16 (4) of this section.

17 (6) The county treasurer may not sell property that is eligible
18 for deferral of taxes under chapter 84.38 RCW but must require the
19 owner of the property to file a declaration to defer taxes under
20 chapter 84.38 RCW.

21 (7) In no case shall a certificate of delinquency be filed on
22 property where the initial tax delinquency under chapter 84.56 RCW
23 totaled one hundred dollars or less excluding interest and penalties.

24 NEW SECTION. Sec. 7. Section 2 of this act constitutes a new
25 chapter in Title 36 RCW.

26 NEW SECTION. Sec. 8. This act takes effect January 1, 2020.

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