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ENGROSSED HOUSE BILL 1982

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State of Washington

67th Legislature

2022 Regular Session

By Representatives Volz, Caldier, Wylie, and Graham

Read first time 01/13/22. Referred to Committee on Finance.

1 AN ACT Relating to clarifying the applicability of penalty and  
2 interest on personal property taxes; reenacting and amending RCW  
3 84.56.020; and declaring an emergency.

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

5 **Sec. 1.** RCW 84.56.020 and 2021 c 257 s 1, 2021 c 122 s 15, and  
6 2021 c 42 s 3 are each reenacted and amended to read as follows:

7 **Treasurers' tax collection duties.**

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

21 (i) Property tax exemption program pursuant to RCW 84.36.379  
22 through 84.36.389; and

23 (ii) Property tax deferral program pursuant to chapter 84.38 RCW.

24 **Tax payment due dates.**

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

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

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

35 (4) When the total amount of tax or special assessments on any  
36 lot, block or tract of real property, personal property, or on any  
37 mobile home payable by one person is fifty dollars or more, and if  
38 one-half of such tax is paid after the thirtieth day of April but  
39 before the thirty-first day of October, together with the applicable  
40 interest and penalty on the full amount of tax payable for that year,

1 the remainder of such tax is due and payable on or before the  
2 following thirty-first day of October and is delinquent after that  
3 date.

4 **Delinquent tax payments: Interest, penalties, and treasurer**  
5 **duties.**

6 (5) (a) Except as provided in (c) of this subsection, delinquent  
7 taxes under this section are subject to interest as provided in this  
8 subsection computed on a monthly basis on the amount of tax  
9 delinquent from the date of delinquency until paid. Interest must be  
10 calculated at the rate (~~(in effect at the time of the tax payment,~~  
11 ~~regardless of when the taxes were first delinquent)) as described  
12 below.~~

13 (i) Until December 31, 2022, the interest rate is 12 percent per  
14 annum for all nonresidential real property (~~and~~), residential real  
15 property, and personal property.

16 (ii) Beginning January 1, 2023, interest rates are as follows:

17 (A) (~~Twelve percent per annum for all nonresidential real~~  
18 ~~property and for residential real property with greater than four~~  
19 ~~units per taxable parcel; or~~

20 ~~(B))~~ Nine percent per annum for all residential real property  
21 with four or fewer units per taxable parcel, including manufactured/  
22 mobile homes as defined in RCW 59.20.030 for taxes levied in 2023 or  
23 after; or

24 (B) Twelve percent per annum for all other property.

25 (b) (i) Penalties on delinquent taxes under this section may not  
26 be assessed beginning January 1, 2022, and through December 31, 2022.

27 (ii) Beginning January 1, 2023, delinquent taxes under this  
28 section are subject to penalties for nonresidential real property  
29 (~~and for~~), residential real property with greater than four units  
30 per taxable parcel, and for personal property as follows:

31 (A) A penalty of three percent of the amount of tax delinquent is  
32 assessed on the tax delinquent on June 1st of the year in which the  
33 tax is due.

34 (B) An additional penalty of eight percent is assessed on the  
35 delinquent tax amount on December 1st of the year in which the tax is  
36 due.

37 (iii) Penalties may not be assessed on residential real property  
38 with four or fewer units per taxable parcel, including manufactured/  
39 mobile homes as defined in RCW 59.20.030.

1 (c) (i) If a taxpayer is successfully participating in a payment  
2 agreement under subsection (15) (b) of this section or a partial  
3 payment program pursuant to subsection (15) (c) of this section, the  
4 county treasurer may not assess additional penalties on delinquent  
5 taxes that are included within the payment agreement. Interest and  
6 penalties that have been assessed prior to the payment agreement  
7 remain due and payable as provided in the payment agreement.

8 (ii) The following remain due and payable as provided in any  
9 payment agreement:

10 (A) Interest that has been assessed prior to the payment  
11 agreement; and

12 (B) Penalties assessed prior to January 1, 2022, that have been  
13 assessed prior to the payment agreement.

14 (6) A county treasurer must provide notification to each taxpayer  
15 whose taxes have become delinquent under subsections (4) and (5) of  
16 this section. The delinquency notice must specify where the taxpayer  
17 can obtain information regarding:

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

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

22 (c) Where the taxpayer can pay his or her property taxes directly  
23 and contact information, including but not limited to the phone  
24 number, for the statewide foreclosure hotline recommended by the  
25 Washington state housing finance commission.

26 (7) Within ninety days after the expiration of two years from the  
27 date of delinquency (when a taxpayer's taxes have become delinquent),  
28 the county treasurer must provide the name and property address of  
29 the delinquent taxpayer to a homeownership resource center or any  
30 other designated local or state entity recommended by the Washington  
31 state housing finance commission.

32 **Collection of foreclosure costs.**

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

36 (b) When tax foreclosure avoidance costs are collected, such  
37 costs must be credited to the county treasurer service fund account,  
38 except as otherwise directed.

39 (c) For purposes of chapter 84.64 RCW, any taxes, interest, or  
40 penalties deemed delinquent under this section remain delinquent

1 until such time as all taxes, interest, and penalties for the tax  
2 year in which the taxes were first due and payable have been paid in  
3 full.

4 **Periods of armed conflict.**

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

12 **State of emergency.**

13 (10) During a state of emergency declared under RCW  
14 43.06.010(12), the county treasurer, on his or her own motion or at  
15 the request of any taxpayer affected by the emergency, may grant  
16 extensions of the due date of any taxes payable under this section as  
17 the treasurer deems proper.

18 **Retention of funds from interest.**

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

21 (12) For purposes of this chapter, "interest" means both interest  
22 and penalties.

23 **Retention of funds from property foreclosures and sales.**

24 (13) The direct cost of foreclosure and sale of real property,  
25 and the direct fees and costs of distraint and sale of personal  
26 property, for delinquent taxes, must, when collected, be credited to  
27 the operation and maintenance fund of the county treasurer  
28 prosecuting the foreclosure or distraint or sale; and must be used by  
29 the county treasurer as a revolving fund to defray the cost of  
30 further foreclosure, distraint, and sale because of delinquent taxes  
31 without regard to budget limitations and not subject to indirect  
32 costs of other charges.

33 **Tax due dates and options for tax payment collections.**

34 **Electronic billings and payments.**

35 (14) For purposes of this chapter, and in accordance with this  
36 section and RCW 36.29.190, the treasurer may collect taxes,  
37 assessments, fees, rates, interest, and charges by electronic billing  
38 and payment. Electronic billing and payment may be used as an option  
39 by the taxpayer, but the treasurer may not require the use of  
40 electronic billing and payment. Electronic bill presentment and

1 payment may be on a monthly or other periodic basis as the treasurer  
2 deems proper for:

3 (a) Delinquent tax year payments; and

4 (b) Prepayments of current tax.

5 **Tax payments.**

6 **Prepayment for current taxes.**

7 (15)(a) The treasurer may accept prepayments for current year  
8 taxes by any means authorized. All prepayments must be paid in full  
9 by the due date specified in subsection (16) of this section.

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

11 (b)(i) The treasurer may provide, by electronic means or  
12 otherwise, a payment agreement that provides for payment of current  
13 year taxes, inclusive of prepayment collection charges. The payment  
14 agreement must be signed by the taxpayer and treasurer or the  
15 treasurer's deputy prior to the sending of an electronic or  
16 alternative bill, which includes a payment plan for current year  
17 taxes.

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

19 (ii)(A) The treasurer may provide, by electronic means or  
20 otherwise, a payment agreement for payment of past due delinquencies.  
21 The payment agreement must be signed by the taxpayer and treasurer or  
22 the treasurer's deputy prior to the sending of an electronic or  
23 alternative bill, which includes a payment plan for past due  
24 delinquent taxes and charges.

25 (B) Tax payments received by a treasurer for delinquent year  
26 taxes from a taxpayer participating on a payment agreement must be  
27 applied first to the oldest delinquent year unless such taxpayer  
28 requests otherwise.

29 **Partial payments: Acceptance of partial payments for current and**  
30 **delinquent taxes.**

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

35 (ii) All tax payments received by a treasurer for delinquent year  
36 taxes from a taxpayer paying a partial payment must be applied first  
37 to the oldest delinquent year unless such taxpayer requests  
38 otherwise.

39 **Payment for delinquent taxes.**

1 (d) Payments on past due taxes must include collection of the  
2 oldest delinquent year, which includes interest, penalties, and taxes  
3 within an eighteen-month period, prior to filing a certificate of  
4 delinquency under chapter 84.64 RCW or distraint pursuant to RCW  
5 84.56.070.

6 **Due date for tax payments.**

7 (16) All taxes upon real and personal property made payable by  
8 the provisions of this title are due and payable to the treasurer on  
9 or before the thirtieth day of April and are delinquent after that  
10 date. The remainder of the tax is due and payable on or before the  
11 following thirty-first of October and is delinquent after that date.  
12 All other assessments, fees, rates, and charges are delinquent after  
13 the due date.

14 **Electronic funds transfers.**

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

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

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

25 **Payment for administering prepayment collections.**

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

31 **Waiver of interest and penalties for qualified taxpayers subject**  
32 **to foreclosure.**

33 (19) No earlier than sixty days prior to the date that is three  
34 years after the date of delinquency, the treasurer must waive all  
35 outstanding interest and penalties on delinquent taxes due from a  
36 taxpayer if the property is subject to an action for foreclosure  
37 under chapter 84.64 RCW and the following requirements are met:

38 (a) The taxpayer is income-qualified under RCW 84.36.381(5)(a),  
39 as verified by the county assessor;

1 (b) The taxpayer occupies the property as their principal place  
2 of residence; and

3 (c) The taxpayer has not previously received a waiver on the  
4 property as provided under this subsection.

5 **Definitions.**

6 (20) The definitions in this subsection apply throughout this  
7 section unless the context clearly requires otherwise.

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

12 (b) "Internet" has the same meaning as provided in RCW  
13 19.270.010.

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

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

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

22 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
23 preservation of the public peace, health, or safety, or support of  
24 the state government and its existing public institutions, and takes  
25 effect immediately.

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