

HOUSE BILL REPORT

SSB 5714

As Reported by House Committee On:

Local Government
Finance

Title: An act relating to payments made for property taxes or special assessments by an automated check processing service.

Brief Description: Concerning payments made for property taxes or special assessments by an automated check processing service.

Sponsors: Senate Committee on Local Government, Land Use & Tribal Affairs (originally sponsored by Senators Wagoner and Wilson, L.).

Brief History:

Committee Activity:

Local Government: 3/22/23, 3/24/23 [DPA];

Finance: 3/30/23, 3/31/23 [DPA(LG)].

Brief Summary of Substitute Bill (As Amended By Committee)

- Establishes that tax payments generated by an automated check processing service or payments received via United States mail with no discernable postmark date received within three business days of the thirtieth day of April or the thirty-first day of October are not delinquent.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended. Signed by 7 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Berg, Griffey and Riccelli.

Staff: Elizabeth Allison (786-7129).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

County Treasurers.

A county treasurer is the custodian of county money and the administrator of the county's financial transactions. 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.

Tax Statements and Payment Due Dates.

All real and personal property in Washington is subject to property tax, unless the law provides a specific exemption. All taxes due on real and personal property are due and payable to the county treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30, and the balance is due by October 31. If the tax is less than \$50, the entire payment must be paid in full by April 30.

Tax Delinquencies and Payment Options.

Delinquent tax payments are subject to interest and penalties. Interest is charged at 1 percent per month on the full amount due from the month of delinquency until the delinquency is paid in full. A 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1, with an additional 8 percent penalty imposed on the unpaid amount of current taxes as of December 1. Taxpayers are authorized to participate in a payment agreement with the county treasurer for past due tax delinquencies. If a taxpayer is participating in a payment agreement, the county treasurer may not assess additional penalties on any taxes included within the payment agreement.

Summary of Amended Bill:

Tax payments generated by an automated check processing service or payments received via United States mail with no discernable postmark date received within three business days of the thirtieth day of April or the thirty-first day of October are not delinquent.

Amended Bill Compared to Substitute Bill:

The amendment provides that payments must be sent through the United States mail in order to qualify as nondelinquent if received within three days of the payment due date with no discernible postmark date.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is an important fix for taxpayers that make efforts to make payments on time but are subject to penalties due to bank processes or mail processes. There is a technical amendment to provide that the postmark must be via United States mail, not just handed in in person.

(Opposed) None.

Persons Testifying: Jennifer Wallace, Washington State Association of County Treasurers.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended by Committee on Local Government. Signed by 13 members: Representatives Berg, Chair; Street, Vice Chair; Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Barnard, Chopp, Ramel, Santos, Springer, Stokesbary, Thai, Walen and Wylie.

Staff: Tracey Taylor (786-7152).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: 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 current law treats similar payments differently, especially if the tax payment is sent via an automated check processing service. The county treasurer has no discretion to account for this issue. This bill provides an update to provide guidance on when delinquent penalties and interest apply.

(Opposed) None.

Persons Testifying: Senator Keith Wagoner, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.