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**HOUSE BILL 1042**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Representatives Wylie, Volz, and Stonier

AN ACT Relating to cost recovery for county treasurers; amending RCW 84.69.180; adding a new section to chapter 84.69 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The county treasurer holds a key position of public trust in the financial affairs of local government. Acting as the bank for the county, school districts, fire districts, water districts, and other units of local government, the treasurer's office receipts, disburses, invests, and accounts for the funds of each of these entities. In addition, the treasurer is charged with the collection of various taxes that benefit a wide range of local and state governmental units. The majority of the workload of the county treasurer is directed toward providing services to taxing districts other than the county. This act allows county treasurers to recover costs related to the billing, collection, and distribution of property taxes on behalf of tax districts.

NEW SECTION. **Sec.**  A new section is added to chapter 84.69 RCW to read as follows:

(1) A county treasurer may set a cost recovery fee and recover allowable prior year actual costs on a pro rata basis from each taxing district's tax roll. The first $50,000 of the district's aggregate collections must be excluded. Prior year collection rates may also be considered when establishing the cost recovery fee.

(2) The cost recovery fee may not exceed one percent of the district's tax roll for counties larger than 250,000 and two percent for counties smaller than 250,000. Real estate excise tax administration, local investment pool administration, foreclosure and distraint administration, and other existing recoverable costs shall not be included.

(3) Recovered costs must be credited to the county treasurer's cost recovery fund without regard to budget limitations and not subject to indirect costs or other charges, to fund ongoing billing, collection, and distribution operations.

(4) The county treasurer shall furnish the amount of the cost recovery fee to the affected taxing districts no later than September 1st of the current year.

(5) Recovery of capitalized expenditures may not be recovered over a period of time that exceeds the useful life of the asset.

(6) For purposes of this section:

(a) "Cost recovery fee" means the total recoverable costs divided by the total tax roll after the first $50,000 of the district's aggregate collections are excluded for real and personal property for the year in which the cost recovery occurs.

(b) "Recoverable costs" means all costs incurred by the county treasurer during a prior 12-month period for the billing, collection, and distribution of real and personal property taxes. Real estate excise tax administration, local investment pool administration, foreclosure and distraint administration, and other existing recoverable costs are excluded.

**Sec.**  RCW 84.69.180 and 2013 c 239 s 1 are each amended to read as follows:

(1) Taxing districts other than the state may levy a tax upon all the taxable property within the district for the purpose of:

(a) Funding refunds paid or to be paid under this chapter, except for refunds under RCW 84.69.020(1), including interest, as ordered by the county treasurer or county legislative authority within the preceding ((~~twelve~~)) 12 months; ((~~and~~))

(b) Reimbursing the taxing district for taxes abated or canceled, offset by any supplemental taxes collected under this title, other than amounts collected under RCW 84.52.018 within the preceding ((~~twelve~~)) 12 months. This subsection (1)(b) only applies to abatements and cancellations that do not require a refund under this chapter. Abatements and cancellations that require a refund are included within the scope of (a) of this subsection; and

(c) Reimbursing the taxing district for costs incurred as a result of county treasurer cost recovery pursuant to section 2 of this act.

(2) As provided in RCW 84.55.070, the provisions of chapter 84.55 RCW do not apply to a levy made by or for a taxing district under this section.

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