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## Local Government Committee

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### HB 1401

**Brief Description:** Providing flexibility with respect to the foreclosure process for delinquent local improvement district assessments.

**Sponsors:** Representative Upthegrove.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Provides cities and towns with options regarding the foreclosure process for delinquent local improvement district assessments.</li></ul>
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**Hearing Date:** 2/1/11

**Staff:** Miranda Leskinen (786-7291) and Ethan Moreno (786-7386).

**Background:**

Local improvement districts are special assessment districts that finance improvements to benefit property owners within the district. Local improvement districts are generally paid for by assessments on the benefitting properties. Deferred assessment collection is available for disadvantaged property owners in first-class cities.

Local improvement districts are not special purpose districts because they are sponsored by a city or town rather than being self-governing. Both the municipal government and affected property owners must approve, subject to public notice and hearing requirements, the creation of a local improvement district.

Method of Calculating Local Improvement District Assessments.

Cities and towns, by ordinance, must determine the time frame requirements for the payment of local improvement assessments or installment payments of assessments, as well as the interest rate for assessments. Penalties, in addition to interest, are applied to delinquent assessments or assessment installments at a rate of at least 5 percent.

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*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.*

### Foreclosure Proceeding Process.

Cities and towns must proceed with the foreclosure of delinquent assessments, or installments of assessments, if on January 1:

- two installments of any local improvement assessment are delinquent; or
- the final installment of any local improvement assessment has been delinquent for more than a year.

Cities and towns bring foreclosure proceeding before their county superior court, which must begin no later than March 1 or before the date established by general ordinance. However, the affected tenants and property owners must be notified by the municipal treasurer using certified mail delivery 30 days before the foreclosure proceeding may begin. This notification must specify the terms of the foreclosure. Additionally, a copy of the affidavit of the person mailing the notice must be filed with the clerk of the county superior court when foreclosure proceedings begin.

### **Summary of Bill:**

#### Method of Calculating Local Improvement District Assessments.

Cities and towns are allowed, rather than required, to determine penalty and interest rates for assessments or assessment installments. Additionally, cities and towns are no longer required to impose penalties on delinquent assessments or assessment installments.

#### Foreclosure Proceeding Process.

Cities and towns are allowed, but no longer required, to initiate foreclosure proceedings against delinquent assessments or assessment installments. Cities and towns may apply this provision both retroactively and prospectively.

**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.