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**SENATE BILL 5402**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Senators Mullet and Kuderer

AN ACT Relating to property tax deferral during the COVID-19 pandemic; amending RCW 84.56.020; creating a new section; providing an expiration date; and declaring an emergency.

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

**Sec.**  RCW 84.56.020 and 2019 c 332 s 1 are each amended to read as follows:

**Treasurers' tax collection duties.**

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

**Tax statements.**

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

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

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

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

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

(c) Each tax statement distributed to an address must include a notice with information describing the:

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

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

**Tax payment due dates.**

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

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

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

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

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

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

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

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

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

(d) The interest and penalties provided in this subsection (5) are suspended during the state of emergency declared under RCW 43.06.010(12) related to the novel coronavirus and for 12 months after the end of such emergency.

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

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

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

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

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

**Collection of foreclosure costs.**

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

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

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

**Periods of armed conflict.**

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

**State of emergency.**

(10) ((~~During~~)) (a) Except as provided in (b) of this subsection, during a state of emergency declared under RCW 43.06.010(12), the county treasurer, on his or her own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any taxes payable under this section as the treasurer deems proper.

(b) Due to the state of emergency declared under RCW 43.06.010(12) related to the novel coronavirus, the county treasurer shall grant extensions of the due date of any taxes payable in April 2021 under this section as provided in this subsection (10)(b).

(i) For tax payments due in April 2021, if the owner of any lot, block, or tract of real property used for business purposes demonstrates a loss of at least 20 percent of revenue for calendar year 2020 compared to calendar year 2019 via an application provided in a form and manner by the department, the county treasurer shall grant a deferral of taxes due in April 2021. Those taxes are due and payable on or before the following 31st day of October 2021. Penalties and interest may not be assessed on taxes that are deferred under this subsection (10)(b)(i) until after they become due and payable either on or before the following 31st day of October 2021 or subject to a payment agreement under (b)(ii) of this subsection.

(ii) The county treasurer may enter into a payment agreement for payment of the sum of current year taxes on any properties that were granted a deferral under (b)(i) of this subsection.

**Retention of funds from interest.**

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

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

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

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

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

**Electronic billings and payments.**

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

(a) Delinquent tax year payments; and

(b) Prepayments of current tax.

**Tax payments.**

**Prepayment for current taxes.**

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

**Payment agreements for current year taxes.**

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

**Payment agreements for delinquent year taxes.**

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

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

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

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

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

**Payment for delinquent taxes.**

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

**Due date for tax payments.**

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

**Electronic funds transfers.**

(17) A county treasurer may authorize payment of:

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

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

**Payment for administering prepayment collections.**

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

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

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

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

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

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

**Definitions.**

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

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

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

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

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

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

NEW SECTION. **Sec.**  (1) The COVID-19 property tax deferral loan account is created in the custody of the state treasurer. Only the state treasurer or the treasurer's designee may make expenditures from the account. Expenditures from the account do not require an appropriation. Expenditures from the account may be made only for loans to local governments under this section.

(2) Between the effective date of this section and June 30, 2021, the state treasurer may make interest-free loans from the account to cities and counties. A city or county may apply to the state treasurer for an interest-free loan from the COVID-19 property tax deferral loan account in an amount not to exceed the city's or county's revenue delay as a result of property tax deferrals made under RCW 84.56.020(10)(b). The application under this section must be made in a form and manner determined by the state treasurer. The amount of each loan is determined by the treasurer, who may prorate loan amounts if loan applications exceed the account balance.

(3) A city or county that receives a loan under this section must repay the loan to the state treasurer within one calendar year from the date of the loan.

(4) Cities and counties may spend moneys loaned under this section exclusively for local government uses authorized in statute.

(5) After the end of fiscal year 2022, the state treasurer shall transfer to the state general fund the entire balance of the account, whether from loan repayments or unexpended balance. The state treasurer must also transfer to the state general fund any loan repayments received after that date.

(6) This section expires July 1, 2023.

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

**--- END ---**