

HOUSE BILL REPORT

ESSB 6205

As Reported By House Committee On:

Finance

Title: An act relating to waiver of interest on residential property taxes that are delinquent because of hardship due to the death of the taxpayer's spouse or parent.

Brief Description: Allowing waiver of interest and penalties on property taxes delinquent because of hardship.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators McCaslin, Haugen, Patterson, Benton, Bauer, Winsley and Oke).

Brief History:

Committee Activity:

Finance: 2/24/98, 3/2/98 [DPA].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 14 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Mason; Morris; Pennington; Schoesler and Thompson.

Staff: Linda Brooks (786-7153).

Background: All real and personal property in this state is subject to the property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located.

Property taxes are due on April 30 each year. If one-half of the tax is paid by April 30, then the other half is due on October 31. If the first-half property tax payment is not made on time, the entire tax is delinquent and interest is charged at the rate of 12 percent per year (1 percent per month). If taxes are still delinquent on June 1, a penalty of 3 percent is assessed on the entire amount of tax due. If taxes are still delinquent on December 1, an additional 8 percent penalty is assessed on the entire amount of tax due.

Under limited circumstances a county must waive interest and penalties owed on delinquent property taxes. Specifically, if a property has been conveyed to a new person

and the new person's name is recorded with a county by November 30 of the year taxes are levied, then a new person does not owe penalties and interest when the reason for the tax delinquency is a county's failure to mail the taxes due notice to the new person. The new person must pay the taxes due within 30 days of receiving notice that the taxes are due, however, otherwise the penalties and interest are reinstated.

Summary of Amended Bill: A county must waive interest and penalties owed on delinquent property taxes under certain hardship circumstances. If a taxpayer misses one property tax payment on his or her personal residence due to the death of a spouse, the county must waive interest and penalties owed on the delinquent taxes. Similarly, if a taxpayer misses one property tax payment on a parent's or step-parent's personal residence due to the death of the parent or step-parent, the county must also waive interest and penalties owed on the delinquent taxes. A county may require the taxpayer to provide a death certificate and to sign an affidavit. If a taxpayer waits more than 60 days after the tax due date to notify a county of these hardship circumstances, then interest and penalties are not waived.

Amended Bill Compared to Engrossed Substitute Bill: A county must also waive interest and penalties owed on delinquent property taxes, when a taxpayer owes tax on a step-parent's personal residence following the death of a step-parent. Whenever anyone applies for a waiver under hardship circumstance involving the death of a spouse, parent, or step-parent, the county may require the taxpayer to furnish a death certificate and to sign an affidavit.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Neutral) Members of the Washington Association of County Treasurers have not reached consensus on this bill. Some members support it, and others prefer more permissive language that would allow waivers to be granted on a case-by-case basis. Some concerns regard how the bill is to be implemented. Narrow language may make it easier to administer. For example, the Senate amendment that specifies that a person must notify a county within 60 days of missing a property tax payment of these hardship circumstances makes the bill clearer.

Testimony Against: None.

Testified: Robin Hunt, Thurston County Treasurer, Washington Association of County Treasurers (neutral).