

ESSB 6205

Bill Analysis

February 24, 1998

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

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

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 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 personal residence due to the parent's death, the county must also waive interest and penalties owed on the delinquent taxes. If a taxpayer waits more than

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sixty days after the tax due date to notify a county of these hardship circumstances, however, then interest and penalties are not waived.

Appropriation: None.

Fiscal Note: Available.

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