

SENATE BILL REPORT

SB 6335

As of January 27, 2006

Title: An act relating to the waiver of penalties and interest on property taxes.

Brief Description: Expanding the waiver of interest and penalties for property tax delinquencies.

Sponsors: Senator Haugen.

Brief History:

Committee Activity: Government Operations & Elections:

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Staff: Diane Smith (786-7410)

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. The county treasurer mails a notice of tax due to taxpayers and collects the tax.

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 the tax bill is below \$50, then all the tax must be paid by April 30. A penalty of 3 percent is assessed on taxes that are delinquent on June 1. An additional 8 percent penalty is assessed on taxes that are delinquent on December 1.

Under limited circumstances, interest and penalties owed on delinquent property taxes are waived. Penalties and interest on late property tax payments are waived if the tax bill is not sent to the taxpayer due to error by the county. Penalties and interest are waived if a county fails to mail the tax due notice to a new property owner if that person's name was recorded with the county by the previous November.

Penalties and interest are waived if a taxpayer misses one property tax payment on his or her personal residence due to the death of a spouse. 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, interest and penalties are waived on the delinquent taxes. Both of these waivers require the taxpayer to notify the county treasurer within 60 days of the date the tax is due.

Penalties and interest on delinquent property taxes are deposited into the county general expense fund.

Summary of Bill: Interest and penalties are waived if a tax payer misses one property tax payment on the taxpayer's personal residence due to hardship caused by the serious illness of

the taxpayer's parent, sibling, or child who resides with the taxpayer, and the taxpayer notifies the county treasurer within 60 days of the tax being due.

Interest and penalties are waived for delinquencies on property taxes if the taxpayer fails to make a payment due to circumstances beyond the taxpayer's control, as determined by the Department of Revenue by rule.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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