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SENATE BILL 5439

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State of Washington

64th Legislature

2015 Regular Session

By Senators Dansel and Benton

Read first time 01/21/15. Referred to Committee on Government Operations & State Security.

1 AN ACT Relating to eliminating penalties for delinquent property  
2 taxes; amending RCW 84.56.020 and 84.56.025; and creating a new  
3 section.

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

5 **Sec. 1.** RCW 84.56.020 and 2014 c 13 s 1 are each amended to read  
6 as follows:

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

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

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

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

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

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

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

36 ~~(c) If a taxpayer is successfully participating in a payment~~  
37 ~~agreement under subsection (11)(b) of this section, the county~~  
38 ~~treasurer may not assess additional penalties on delinquent taxes~~  
39 ~~that are included within the payment agreement. Interest and~~

1 ~~penalties that have been assessed prior to the payment agreement~~  
2 ~~remain due and payable as provided in the payment agreement.))~~

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

6 (b) For the purposes of this section, "tax foreclosure avoidance  
7 costs" means those costs that can be identified specifically with the  
8 administration of properties subject to and prior to foreclosure. Tax  
9 foreclosure avoidance costs include:

10 (i) Compensation of employees for the time devoted and identified  
11 specifically to administering the avoidance of property foreclosure;  
12 and

13 (ii) The cost of materials, services, or equipment acquired,  
14 consumed, or expended specifically for the purpose of administering  
15 tax foreclosure avoidance prior to the filing of a certificate of  
16 delinquency.

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

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

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

32 (8) During a state of emergency declared under RCW 43.06.010(12),  
33 the county treasurer, on his or her own motion or at the request of  
34 any taxpayer affected by the emergency, may grant extensions of the  
35 due date of any taxes payable under this section as the treasurer  
36 deems proper.

37 (~~For purposes of this chapter, "interest" means both~~  
38 ~~interest and penalties.~~

39 ~~(10))~~ All collections of interest on delinquent taxes must be  
40 credited to the county current expense fund; but the cost of

1 foreclosure and sale of real property, and the fees and costs of  
2 distraint and sale of personal property, for delinquent taxes, must,  
3 when collected, be credited to the operation and maintenance fund of  
4 the county treasurer prosecuting the foreclosure or distraint or  
5 sale; and must be used by the county treasurer as a revolving fund to  
6 defray the cost of further foreclosure, distraint and sale for  
7 delinquent taxes without regard to budget limitations.

8 ~~((11))~~ (10)(a) For purposes of this chapter, and in accordance  
9 with this section and RCW 36.29.190, the treasurer may collect taxes,  
10 assessments, fees, rates, interest, and charges by electronic bill  
11 presentment and payment. Electronic bill presentment and payment may  
12 be utilized as an option by the taxpayer, but the treasurer may not  
13 require the use of electronic bill presentment and payment.  
14 Electronic bill presentment and payment may be on a monthly or other  
15 periodic basis as the treasurer deems proper for delinquent tax year  
16 payments only or for prepayments of current tax. All prepayments must  
17 be paid in full by the due date specified in (c) of this subsection.  
18 Payments on past due taxes must include collection of the oldest  
19 delinquent year, which includes interest and taxes within a  
20 twelve-month period, prior to filing a certificate of delinquency  
21 under chapter 84.64 RCW or distraint pursuant to RCW 84.56.070.

22 (b) The treasurer must provide, by electronic means or otherwise,  
23 a payment agreement that provides for payment of current year taxes,  
24 inclusive of prepayment collection charges. The treasurer may  
25 provide, by electronic means or otherwise, a payment agreement for  
26 payment of past due delinquencies, which must also require current  
27 year taxes to be paid timely. The payment agreement must be signed by  
28 the taxpayer and treasurer prior to the sending of an electronic or  
29 alternative bill, which includes a payment plan for current year  
30 taxes. The treasurer may accept partial payment of current and  
31 delinquent taxes including interest ~~((and—penalties))~~ using  
32 electronic bill presentment and payments.

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

1 (d) A county treasurer may authorize payment of past due property  
2 taxes(~~(, penalties,)~~) and interest under this chapter by electronic  
3 funds transfer payments on a monthly basis. Delinquent taxes are  
4 subject to interest (~~(and penalties)~~), as provided in subsection (5)  
5 of this section.

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

11 (~~(12)~~) (11) For purposes of this section unless the context  
12 clearly requires otherwise, the following definitions apply:

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

17 (b) "Internet" has the same meaning as provided in RCW  
18 19.270.010.

19 **Sec. 2.** RCW 84.56.025 and 2014 c 13 s 2 are each amended to read  
20 as follows:

21 (1) The interest (~~(and penalties)~~) for delinquencies on property  
22 taxes must be waived by the county treasurer if the notice for these  
23 taxes due, as provided in RCW 84.56.050, was not sent to a taxpayer  
24 due to error by the county. Where waiver of interest (~~(and~~  
25 ~~penalties)~~) has occurred, the full amount of interest and penalties  
26 must be reinstated if the taxpayer fails to pay the delinquent taxes  
27 within thirty days of receiving notice that the taxes are due. Each  
28 county treasurer must, subject to guidelines prepared by the  
29 department of revenue, establish administrative procedures to  
30 determine if taxpayers are eligible for this waiver.

31 (2) In addition to the waiver under subsection (1) of this  
32 section, the interest and penalties for delinquencies on property  
33 taxes must be waived by the county treasurer under the following  
34 circumstances:

35 (a) The taxpayer fails to make one payment under RCW 84.56.020 by  
36 the due date on the taxpayer's personal residence because of hardship  
37 caused by the death of the taxpayer's spouse if the taxpayer notifies  
38 the county treasurer of the hardship within sixty days of the tax due  
39 date; or

1 (b) The taxpayer fails to make one payment under RCW 84.56.020 by  
2 the due date on the taxpayer's parent's or stepparent's personal  
3 residence because of hardship caused by the death of the taxpayer's  
4 parent or stepparent if the taxpayer notifies the county treasurer of  
5 the hardship within sixty days of the tax due date.

6 (3) In addition to the waivers under subsections (1) and (2) of  
7 this section, the county treasurer, at his or her discretion, may  
8 waive interest and penalties for delinquencies on property taxes  
9 where the taxpayer paid an erroneous amount due to apparent taxpayer  
10 error and the taxpayer pays the delinquent taxes within thirty days  
11 of receiving notice that the taxes are due.

12 (4) Before allowing a hardship waiver under subsection (2) of  
13 this section, the county treasurer may require a copy of the death  
14 certificate along with an affidavit signed by the taxpayer.

15 NEW SECTION. **Sec. 3.** This act applies to taxes levies for  
16 collection in 2016 and thereafter.

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