
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1105

State of Washington

66th Legislature

2019 Regular Session

By House Appropriations (originally sponsored by Representatives Orwall, Ryu, Wylie, Pollet, Stanford, and Frame)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to protecting taxpayers from home foreclosure;
2 amending RCW 84.56.020, 84.64.225, 36.35.110, and 84.64.050; adding a
3 new section to chapter 84.56 RCW; adding a new section to chapter
4 36.29 RCW; adding a new section to chapter 36.21 RCW; and providing
5 an effective date.

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

7 **Sec. 1.** RCW 84.56.020 and 2017 c 142 s 1 are each amended to
8 read as follows:

9 **Treasurers' tax collection duties.**

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

1 payable to the county treasurer on or before the thirtieth day of
2 April and, except as provided in this section, are delinquent after
3 that date.

4 **Tax statements.**

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

7 (i) All city and other taxing district budgets have been
8 submitted to county legislative authorities by November 30th per RCW
9 84.52.020;

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

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

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

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

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

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

25 **Tax payment due dates.**

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

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

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

36 (4) When the total amount of tax or special assessments on any
37 lot, block or tract of real property or on any mobile home payable by
38 one person is fifty dollars or more, and if one-half of such tax is
39 paid after the thirtieth day of April but before the thirty-first day
40 of October, together with the applicable interest and penalty on the

1 full amount of tax payable for that year, the remainder of such tax
2 is due and payable on or before the following thirty-first day of
3 October and is delinquent after that date.

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

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

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

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

20 ~~(c) If a taxpayer is successfully participating in a payment~~
21 ~~agreement under subsection (12)(b) of this section or a partial~~
22 ~~payment program pursuant to subsection (13) of this section, the~~
23 ~~county treasurer may not assess additional penalties on delinquent~~
24 ~~taxes that are included within the payment agreement. Interest and~~
25 ~~penalties that have been assessed prior to the payment agreement~~
26 ~~remain due and payable as provided in the payment agreement)) the~~
27 following remain due and payable as provided in any payment
28 agreement:

29 (a) Interest that has been assessed prior to the payment
30 agreement; and

31 (b) Penalties, assessed prior to the effective date of this act,
32 that have been assessed prior to the payment agreement.

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

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

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

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

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

11 **Collection of foreclosure costs.**

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

15 ~~(b) ((For the purposes of this section, "tax foreclosure~~
16 ~~avoidance costs" means those direct costs associated with the~~
17 ~~administration of properties subject to and prior to foreclosure. Tax~~
18 ~~foreclosure avoidance costs include:~~

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

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

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

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

32 ~~((7))~~ **Periods of armed conflict.**

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

40 ~~((8))~~ **State of emergency.**

1 (10) During a state of emergency declared under RCW
2 43.06.010(12), the county treasurer, on his or her own motion or at
3 the request of any taxpayer affected by the emergency, may grant
4 extensions of the due date of any taxes payable under this section as
5 the treasurer deems proper.

6 ~~((9))~~ **Retention of funds from interest.**

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

9 ~~((10))~~ (12) For purposes of this chapter, "interest" means both
10 interest and penalties.

11 ~~((11))~~ **Retention of funds from property foreclosures and sales.**

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

21 ~~((12)(a))~~ **Tax due dates and options for tax payment**
22 **collections.**

23 **Electronic billings and payments.**

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

32 (a) Delinquent tax year payments ~~((only or for))~~; and

33 (b) Prepayments of current tax.

34 **Tax payments.**

35 **Prepayment for current taxes.**

36 (15)(a) The treasurer may accept prepayments for current year
37 taxes by any means authorized. All prepayments must be paid in full
38 by the due date specified in ~~((c) of this)~~ subsection (16) of this
39 section. ~~((Payments on past due taxes must include collection of the~~
40 ~~oldest delinquent year, which includes interest and taxes within a~~

1 ~~twelve-month period, prior to filing a certificate of delinquency~~
2 ~~under chapter 84.64 RCW or distraint pursuant to RCW 84.56.070.)~~)

3 **Payment agreements for current year taxes.**

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

11 **Payment agreements for delinquent year taxes.**

12 (ii) (A) The treasurer may provide, by electronic means or
13 otherwise, a payment agreement for payment of past due
14 delinquencies (~~(, which must also require current year taxes to be~~
15 ~~paid timely)).~~ The payment agreement must be signed by the taxpayer
16 and treasurer or the treasurer's deputy prior to the sending of an
17 electronic or alternative bill, which includes a payment plan for
18 (~~current year taxes. The treasurer may accept partial payment of~~
19 ~~current and delinquent taxes including interest and penalties using~~
20 ~~electronic bill presentment and payments.~~

21 ~~(e))~~ past due delinquent taxes and charges.

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

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

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

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

36 **Payment for delinquent taxes.**

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

1 **Due date for tax payments.**

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

9 ~~((d))~~ **Electronic funds transfers.**

10 (17) A county treasurer may authorize payment of:

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

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

20 ~~((e))~~ **Payment for administering prepayment collections.**

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

26 ~~((13) In addition to the payment program in subsection (12)(b)~~
27 ~~of this section, the treasurer may accept partial payment of current~~
28 ~~and delinquent taxes including interest and penalties by any means~~
29 ~~authorized.~~

30 ~~(14) For purposes of this section unless the context clearly~~
31 ~~requires otherwise, the following definitions apply:))~~

32 **Definitions.**

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

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

39 (b) "Internet" has the same meaning as provided in RCW
40 19.270.010.

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

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

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

9 **Sec. 2.** RCW 84.64.225 and 2015 c 95 s 11 are each amended to
10 read as follows:

11 (1) In lieu of the sale procedure specified in RCW 84.56.070 or
12 84.64.080, the county treasurer may conduct a public auction sale by
13 electronic media as provided in RCW 36.16.145.

14 (2) Notice of a public auction sale by electronic media must be
15 substantially in the following form:

16 TAX JUDGMENT SALE BY ELECTRONIC MEDIA

17 Public notice is hereby given that pursuant to a tax judgment of
18 the superior court of the county of in the state of
19 Washington, and an order of sale duly issued by the court, entered
20 the day of,, in proceedings for
21 foreclosure of tax liens, I shall on the day
22 of,, commencing at o'clock, at . .
23 [specify web site address], sell the property to the
24 highest and best bidder to satisfy the full amount of taxes,
25 interest, and costs adjudged to be due. Prospective bidders must
26 deposit to participate in bidding. A deposit paid by a
27 winning bidder will be applied to the balance due. However, a winning
28 bidder who does not comply with the terms of sale will forfeit the
29 deposit. Deposits paid by nonwinning bidders will be refunded within
30 ten business days of the close of the sale. Payment of deposits and a
31 winning bid must be made by electronic funds transfer. In the case of
32 an online public auction sale by electronic media as provided in RCW
33 36.16.145, a winning bidder is allowed no less than forty-eight hours
34 to pay the winning bid by electronic funds transfer.

35 In witness whereof, I have affixed my hand and seal this
36 day of,

37 Treasurer of county.

1 **Sec. 3.** RCW 36.35.110 and 2013 c 221 s 2 are each amended to
2 read as follows:

3 (1) No claims are allowed against the county from any
4 municipality, school district, road district or other taxing district
5 for taxes levied on property acquired by the county by tax deed under
6 the provisions of this chapter, but all taxes must at the time of
7 deeding the property be thereby canceled. However, the proceeds of
8 any sale of any property acquired by the county by tax deed must
9 first be applied to reimburse the county for the costs of foreclosure
10 and sale. The remainder of the proceeds, if any, must be applied to
11 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the
12 property, including accrued interest, and outstanding at the time the
13 county acquired the property by tax deed. The remainder of the
14 proceeds, if any, must be justly apportioned to the various funds
15 existing at the date of the sale, in the territory in which such
16 property is located, according to the tax levies of the year last in
17 process of collection.

18 (2) For purposes of this section, "costs of foreclosure and sale"
19 means those costs of foreclosing on the property that, when
20 collected, are subject to RCW 84.56.020(~~((+9))~~) (13), and the direct
21 costs incurred by the county in selling the property.

22 **Sec. 4.** RCW 84.64.050 and 2013 c 221 s 12 are each amended to
23 read as follows:

24 (1) Except as provided in subsection (7) of this section, after
25 the expiration of three years from the date of delinquency, when any
26 property remains on the tax rolls for which no certificate of
27 delinquency has been issued, the county treasurer must proceed to
28 issue certificates of delinquency on the property to the county for
29 all years' taxes, interest, and costs. However, the county treasurer,
30 with the consent of the county legislative authority, may elect to
31 issue a certificate for fewer than all years' taxes, interest, and
32 costs to a minimum of the taxes, interest, and costs for the earliest
33 year.

34 (2) Certificates of delinquency are prima facie evidence that:

35 (a) The property described was subject to taxation at the time
36 the same was assessed;

37 (b) The property was assessed as required by law;

38 (c) The taxes or assessments were not paid at any time before the
39 issuance of the certificate;

1 (d) Such certificate has the same force and effect as a lis
2 pendens required under chapter 4.28 RCW.

3 (3) The county treasurer may include in the certificate of
4 delinquency any assessments which are due on the property and are the
5 responsibility of the county treasurer to collect. However, if the
6 department of revenue has previously notified the county treasurer in
7 writing that the property has a lien on it for deferred property
8 taxes, the county treasurer must include in the certificate of
9 delinquency any amounts deferred under chapters 84.37 and 84.38 RCW
10 that remain unpaid, including accrued interest and costs.

11 (4) The treasurer must file the certificates when completed with
12 the clerk of the court at no cost to the treasurer, and the treasurer
13 must thereupon, with legal assistance from the county prosecuting
14 attorney, proceed to foreclose in the name of the county, the tax
15 liens embraced in such certificates. Notice and summons must be
16 served or notice given in a manner reasonably calculated to inform
17 the owner or owners, and any person having a recorded interest in or
18 lien of record upon the property, of the foreclosure action to appear
19 within thirty days after service of such notice and defend such
20 action or pay the amount due. Either (a) personal service upon the
21 owner or owners and any person having a recorded interest in or lien
22 of record upon the property, or (b) publication once in a newspaper
23 of general circulation, which is circulated in the area of the
24 property and mailing of notice by certified mail to the owner or
25 owners and any person having a recorded interest in or lien of record
26 upon the property, or, if a mailing address is unavailable, personal
27 service upon the occupant of the property, if any, is sufficient. If
28 such notice is returned as unclaimed, the treasurer must send notice
29 by regular first-class mail. The notice must include the legal
30 description on the tax rolls, the year or years for which assessed,
31 the amount of tax and interest due, and the name of owner, or reputed
32 owner, if known, and the notice must include the local street
33 address, if any, for informational purposes only. The certificates of
34 delinquency issued to the county may be issued in one general
35 certificate in book form including all property, and the proceedings
36 to foreclose the liens against the property may be brought in one
37 action and all persons interested in any of the property involved in
38 the proceedings may be made codefendants in the action, and if
39 unknown may be therein named as unknown owners, and the publication
40 of such notice is sufficient service thereof on all persons

1 interested in the property described therein, except as provided
2 above. The person or persons whose name or names appear on the
3 treasurer's rolls as the owner or owners of the property must be
4 considered and treated as the owner or owners of the property for the
5 purpose of this section, and if upon the treasurer's rolls it appears
6 that the owner or owners of the property are unknown, then the
7 property must be proceeded against, as belonging to an unknown owner
8 or owners, as the case may be, and all persons owning or claiming to
9 own, or having or claiming to have an interest therein, are hereby
10 required to take notice of the proceedings and of any and all steps
11 thereunder. However, prior to the sale of the property, the treasurer
12 must order or conduct a title search of the property to be sold to
13 determine the legal description of the property to be sold and the
14 record title holder, and if the record title holder or holders differ
15 from the person or persons whose name or names appear on the
16 treasurer's rolls as the owner or owners, the record title holder or
17 holders must be considered and treated as the owner or owners of the
18 property for the purpose of this section, and are entitled to the
19 notice provided for in this section. Such title search must be
20 included in the costs of foreclosure.

21 (5) If the title search required by subsection (4) of this
22 section reveals a lien in favor of the state for deferred taxes on
23 the property under RCW 84.37.070 or 84.38.100 and such deferred taxes
24 are not already included in the certificate of delinquency, the
25 county treasurer must issue an amended certificate of delinquency on
26 the property to include the outstanding amount of deferred taxes,
27 including accrued interest. The amended certificate of delinquency
28 must be filed with the clerk of the court as provided in subsection
29 (4) of this section.

30 (6) The county treasurer may not sell property that is eligible
31 for deferral of taxes under chapter 84.38 RCW but must require the
32 owner of the property to file a declaration to defer taxes under
33 chapter 84.38 RCW.

34 (7) Except those parcels where the local governing entity has
35 declared and/or certified the parcel a nuisance affecting public
36 peace, safety, and welfare, or other similar code provision, in no
37 case may a certificate of delinquency be filed on property where the
38 tax delinquency under chapter 84.56 RCW is one hundred dollars or
39 less in total excluding interest and penalties.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.56
2 RCW to read as follows:

3 (1) If a taxpayer requests assistance for payment of current year
4 or delinquent taxes, the county assessor, if applicable, must:

5 (a) Assist the taxpayer in applying for a property tax exemption
6 program under RCW 84.36.379 through 84.36.389;

7 (b) Assist the taxpayer in applying for the property tax deferral
8 program under chapter 84.38 RCW; or

9 (c) Refer the taxpayer to a homeownership resource center.

10 (2) A county treasurer may also refer a taxpayer requesting tax
11 payment assistance to the county assessor's office under subsection
12 (1) of this section.

13 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.29
14 RCW to read as follows:

15 (1) The county treasurer must post a notice describing the:

16 (a) Property tax exemption program pursuant to RCW 84.36.379
17 through 84.36.389; and

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

19 (2) The notice required under subsection (1) of this section must
20 be posted in a location visible to the public.

21 NEW SECTION. **Sec. 7.** A new section is added to chapter 36.21
22 RCW to read as follows:

23 (1) The county assessor must post a notice describing the:

24 (a) Property tax exemption program pursuant to RCW 84.36.379
25 through 84.36.389; and

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

27 (2) The notice required under subsection (1) of this section must
28 be posted in a location visible to the public.

29 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2020.

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