

HOUSE BILL REPORT

HB 2794

As Reported By House Committee On:
Local Government
Revenue

Title: An act relating to county treasurers.

Brief Description: Changing county treasurer provisions.

Sponsors: Representatives Holm, H. Myers, Wolfe and Moak.

Brief History:

Reported by House Committee on:
Local Government, February 1, 1994, DPS;
Revenue, February 8, 1994, DP2S.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives H. Myers, Chair; Springer, Vice Chair; Edmondson, Ranking Minority Member; Dunshee; R. Fisher; Moak; Rayburn and Zellinsky.

Minority Report: Do not pass. Signed by 3 members: Representatives Reams, Assistant Ranking Minority Member; Horn and Van Luven.

Staff: Steve Lundin (786-7127).

Background: Hundreds of statutes exist detailing the procedures by which property taxes are imposed and collected. County assessors and treasurers are the primary officials involved in administering property taxes.

County treasurers act as the treasurers for a variety of special districts.

Summary of Substitute Bill: The following changes are made to property tax laws:

- o The use of credit cards to pay property taxes is altered to allow property taxes to be paid by credit card or debit card, but only if the cost of processing such a transaction is borne by the taxpayer.

- o Property tax receipts are transferred to joint school districts monthly instead of quarterly.
- o A copy of foreclosure summons for foreclosing delinquent property taxes is no longer required to be sent to the treasurer of each city or town in which real property is located.
- o A county legislative authority may no longer accept prepayments of property taxes and assessments that are not yet due.
- o The amount of future property taxes required to be paid is clarified when property is divided after May 31st and before the taxes are due.
- o The conservation futures tax levy is clarified to be a regular levy subject to the annual 1 percent limitation on the cumulative rates of property taxes that may be imposed.
- o When the amount of disputed valuation that is on appeal to the state board of tax appeals or a court of competent jurisdiction exceeds one quarter of 1 percent of the total assessed valuation of the county, the taxpayer must pay property taxes on the disputed value and the tax payment is placed into escrow. The taxes that are required to be placed into escrow are equal to the amount of disputed valuation multiplied by the levy rate calculation for the property, or if the assessor is not able to calculate this rate, then multiplied by the last levy rate increased by 25 percent.

The amount placed into escrow is used to pay the eventual taxes that are required to be paid on the property. Any amount in excess of the eventual taxes that remains in the escrow account, including accrued interest earnings, is returned to the taxpayer.

- o Language is deleted relating to warrants of collection issued by county auditors and certified statements of tax collections made by the county treasurer to the county auditor.
- o County treasurers may deduct the amount of refunded tax payments ascribed to state property taxes from the amount of property taxes that are collected for the state.
- o County officials are required to impose property levies for the amount of property taxes that were levied but were: (1) canceled as uncollectible within the preceding twelve months; (2) not collected or over-collected

because of changes made after final certification of the assessment roll; or (3) uncollectible due to federal bankruptcy actions.

- o Statutes are repealed relating to the private purchasers of certificates of delinquency.

A county treasurer may provide collection services for county departments.

Inferior courts are authorized to use debit cards to bill and collect unpaid penalties, fines, costs, assessments and forfeitures.

Delinquent local gambling taxes become liens on real and personal property used in the gambling activity in the same manner as delinquent property taxes.

A county treasurer acting as the treasurer of a local government must liquidate investments of the local government to obtain moneys that are sufficient to redeem warrants issued by that local government.

The limitation is removed on a local government only being able to designate one of the state's fiscal agencies to act as its fiscal agency on bond issues and other obligations issued by the local government. The county treasurer acts as the fiscal agency for local governments for which the county treasurer acts as treasurer or the county treasurer may appoint another entity to act as the fiscal agency.

Besides being illegal to alter or forge a mobile home movement decal, it is illegal to reuse or transfer such a decal.

Statutes are repealed requiring county officials to pay fees to the county treasurer that they have collected.

Substitute Bill Compared to Original Bill: Provisions are deleted concerning county treasurers providing collection services for other governments and adding collection fees for these services. Technical changes are made.

Fiscal Note: Not requested.

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

Testimony For: This bill makes a number of good technical changes. Provisions are deleted concerning counties collecting fines for other governments.

Testimony Against: None.

Witnesses: Mike Murphy, Thurston County Treasurer; Joe Daniels, Washington State Water/Wastewater Association; Gail Rauch, Snohomish County Assessor; and Frank Luano, citizen.

HOUSE COMMITTEE ON REVENUE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 14 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Caver; Cothorn; Leonard; Romero; Rust; Silver; Talcott; Van Luven and Wang.

Minority Report: Do not pass. Signed by 1 member: Representative Thibaudeau.

Staff: Bob Longman (786-7139).

New Background Information: Counties may establish a biweekly pay period for their employees. Employees must receive their compensation within seven days following the two week pay period. Until recently Seattle Metro was a separate government and on January 1, 1994 was merged into the government of King County. Metro, under its previous statutory authority, was not bound by the law regarding county pay periods and adopted a pay period method with a longer delay between payday and the pay period.

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Local Government: The Revenue Committee recommendation adds two provisions and removes two provisions from the Local Government Committee recommendation.

A provision is added to allow a county that has assumed the functions of a metropolitan municipal corporation (King County) to adopt a biweekly pay period where the employees receive their compensation not later than 13 days following the two week pay period. The second addition requires the county to show on each individual property tax statement the share of total tax that is voter approved as either a dollar amount or a percent.

The Revenue Committee recommendation strikes the section allowing local taxing districts to levy additional property taxes to make up for uncollected property taxes. Also stricken is the provision requiring taxpayers who fall under the one quarter of 1 percent rule to place the disputed amount of tax in escrow.

Fiscal Note: Requested February 10, 1994.

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

Testimony For: This bill fixes a number of technical problems related to county treasurer activities. The current law on the one quarter of 1 percent rule allows taxpayers to manipulate the system. The provision in the bill dealing with this issue forces them be honest about the level of disputed taxes.

Testimony Against: None.

Witnesses: Mike Murphy, Washington State Association of County Treasurers; and Joe Daniels, Washington State Water/Wastewater Association.