**6362-S2 AMS BRAU S5332.1 - NOT FOR FLOOR USE**

**2SSB 6362** - S AMD TO S AMD (S-5200.5/18) **673**

By Senator Braun

**NOT ADOPTED 02/14/2018**

On page 1, after line 2 of the amendment, insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that major education funding reform legislation (Engrossed House Bill No. 2242) was enacted in 2017, along with the appropriations necessary to support these funding reforms, resulting in unprecedented increases to state K-12 funding allocations. The legislature further finds that estimated 2019-2021 expenditures under Engrossed House Bill No. 2242 compared to 2011-2013 K-12 appropriations will be a 13.2 billion dollar increase—an increase of 98.5 percent. The legislature further finds that the court ruled in its November 15, 2017, order that it is satisfied that the new salary model established by Engrossed House Bill No. 2242 provides for full state funding of basic education salaries sufficient to recruit and retain competent teachers, administrators, and staff consistent with the standards established for constitutional compliance. The legislature further finds that the court took exception that the 2017-2019 budget funds only half of the salary increase called for by the new model by the 2018-19 school year, deferring full funding until the 2019-20 school year. The legislature further finds that the 2017 legislature made decisions regarding local school district levies based on expectations regarding state and local funding levels as the state transitions to the new funding structure. The legislature further finds that fully implementing state salary allocations in the 2018-19 school year substantially alters the carefully calibrated balance between state and local sources of funding for school districts as the state transitions to the new funding structure.

(2) It is the intent of the legislature to recalibrate the balance of state and local funding for school districts in light of the court's latest order. More specifically, it is the legislature's intent, in its effort to fully comply with the court and bring final closure to *McCleary v. State*, to fully implement the salary allocations in Engrossed House Bill No. 2242 in school year 2018-19, accelerate the implementation of certain accounting and budget transparency requirements, and to reduce local school district levies by an amount equal to the increased state salary allocations that will be made to school districts in school year 2018-19."

On page 27, line 5 of the amendment, after "(4)" insert "In calendar year 2019, local effort assistance distributions under this section may not be reduced due to the reduction in school district levy authority under RCW 84.52.0531(10).

(5)"

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 31, line 22 of the amendment, after "~~levies~~" strike all material through "2020" on line 23 and insert "~~for collection in calendar year 2020~~)) submitted to the voters in calendar year 2019"

On page 31, line 30 of the amendment, after "amount" strike "which" and insert "((~~which~~)) that"

On page 32, line 8 of the amendment, after "limit" strike "shall" and insert "((~~shall~~)) must"

On page 32, line 36 of the amendment, after "instruction" strike "shall" and insert "((~~shall~~)) must"

On page 33, after line 9 of the amendment, insert the following:

"(10) For calendar year 2019, a school district's levy authority must be reduced by ninety percent of the amount of the additional state salary allocation payable to the school district as a result of section 202, chapter . . ., Laws of 2018 (section 202 of this act). The reduction amount under this subsection (10) must be specified on LEAP Document 4 provided on the web site of the legislative evaluation and accountability program committee. State matching funds for local effort assistance under chapter 28A.500 RCW may not be reduced due to the reduction in school district levy authority under this subsection (10)."

On page 45, after line 6 of the amendment, insert the following:

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

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

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

(3) When the total amount of tax or special assessments on personal property or on any lot, block or tract of real property payable by one person is fifty dollars or more, and if one-half of such tax is paid on or before the thirtieth day of April, the remainder of such tax, except as provided in subsection (5) of this section, is due and payable on or before the following thirty-first day of October and is delinquent after that date.

(4) When the total amount of tax or special assessments on any lot, block or tract of real property or on any mobile home payable by one person is fifty dollars or more, and if one-half of such tax is paid after the thirtieth day of April but before the thirty-first day of October, together with the applicable interest and penalty on the full amount of tax payable for that year, the remainder of such tax, except as provided in subsection (5) of this section, is due and payable on or before the following thirty-first day of October and is delinquent after that date.

(5)(a) For local school property taxes levied under RCW 84.52.0531 due and payable for collection in 2018, the remainder of the tax is due and payable as follows:

(i) The 2018 payment percent is due and payable on or before the thirty-first day of October 2018 and is delinquent after that date;

(ii) The 2019 payment percent is due and payable on or before the thirtieth day of April 2019 and is delinquent after that date; and

(iii) The 2019 payment percent is due and payable on or before the thirty-first day of October 2019 and is delinquent after that date.

(b) The definitions in this subsection (5)(b) apply throughout this subsection (5) unless the context clearly requires otherwise.

(i) "2018 payment percent" means the percentage determined by multiplying the 2019 payment percent by two and subtracting the result from 100 percent.

(ii) "2019 payment percent" means the percentage determined by dividing the reduction amount for the school district as provided in RCW 84.52.0531(10) by the school district's total amount of tax levied under RCW 84.52.0531 for collection in 2018. If the numerator is larger than the denominator, then "2019 payment percent" equals fifty percent. If the denominator is zero, this subsection (5) does not apply.

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

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

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

(c) If a taxpayer is successfully participating in a payment agreement under subsection ((~~(12)~~)) (13)(b) of this section or a partial payment program pursuant to subsection ((~~(13)~~)) (14) of this section, the county treasurer may not assess additional penalties on delinquent taxes that are included within the payment agreement. Interest and penalties that have been assessed prior to the payment agreement remain due and payable as provided in the payment agreement.

((~~(6)~~)) (7)(a) When real property taxes become delinquent and prior to the filing of the certificate of delinquency, the treasurer is authorized to assess and collect tax foreclosure avoidance costs.

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

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

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

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

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

((~~(7)~~)) (8) Subsection ((~~(5)~~)) (6) of this section notwithstanding, no interest or penalties may be assessed during any period of armed conflict regarding delinquent taxes imposed on the personal residences owned by active duty military personnel who are participating as part of one of the branches of the military involved in the conflict and assigned to a duty station outside the territorial boundaries of the United States.

((~~(8)~~)) (9) During a state of emergency declared under RCW 43.06.010(12), the county treasurer, on his or her own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any taxes payable under this section as the treasurer deems proper.

((~~(9)~~)) (10) All collections of interest on delinquent taxes must be credited to the county current expense fund.

((~~(10)~~)) (11) For purposes of this chapter, "interest" means both interest and penalties unless the context clearly requires otherwise.

((~~(11)~~)) (12) The direct cost of foreclosure and sale of real property, and the direct fees and costs of distraint and sale of personal property, for delinquent taxes, must, when collected, be credited to the operation and maintenance fund of the county treasurer prosecuting the foreclosure or distraint or sale; and must be used by the county treasurer as a revolving fund to defray the cost of further foreclosure, distraint, and sale because of delinquent taxes without regard to budget limitations and not subject to indirect costs of other charges.

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

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

(c) All taxes upon real and personal property made payable by the provisions of this title are due and payable to the treasurer on or before the thirtieth day of April and, except as otherwise provided in this section, are delinquent after that date. ((~~The~~)) Except as provided in subsection (5) of this section, any remainder of the tax is due and payable on or before the following thirty-first of October and is delinquent after that date. All other assessments, fees, rates, and charges are delinquent after the due date.

(d) A county treasurer may authorize payment of past due property taxes, penalties, and interest under this chapter by electronic funds transfers on a monthly basis. Delinquent taxes are subject to interest and penalties, as provided in subsection ((~~(5)~~)) (6) of this section.

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

((~~(13)~~)) (14) In addition to the payment program in subsection ((~~(12)~~)) (13)(b) of this section, the treasurer may accept partial payment of current and delinquent taxes including interest and penalties by any means authorized.

((~~(14) For purposes of this section unless the context clearly requires otherwise, the following definitions apply:~~)) (15) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

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

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

(c) "Remainder of the tax" means the remaining tax due after at least one-half of the tax due for the year is paid by April 30th of the year in which the taxes are due, or after at least one-half of the tax due for the year plus applicable penalties and interest is paid after April 30th but before October 31st of the year in which the tax is due.

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

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

(2) For purposes of this section, "costs of foreclosure and sale" means those costs of foreclosing on the property that, when collected, are subject to RCW 84.56.020((~~(9)~~)) (12), and the direct costs incurred by the county in selling the property.

NEW SECTION. **Sec.**  The office of the superintendent of public instruction may waive the requirements to implement the changes in sections 302 and 408 of this act by the 2018-19 school year if the school district can reasonably show undue hardship."

Renumber the remaining sections consecutively and correct any internal references accordingly.

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By Senator Braun

**NOT ADOPTED 02/14/2018**

On page 46, line 1 of the title amendment, after "28A.505.140," strike "and 28A.510.250" and insert "28A.510.250, 84.56.020, and 36.35.110"

EFFECT: Reduces October 2018 school district enrichment levy collections by 90 percent of the amount of the increased 2018-19 school year salary allocations necessary to comply with state supreme court's most recent order. Requires school districts to implement a year early various budget accountability and transparency provisions required under the omnibus K-12 finance legislation passed in 2017. Specifies that state levy equalization distributions will not be impacted by the reduction in local school levies. Includes additional intent language.