

# SENATE BILL REPORT

## HB 1991

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As Reported by Senate Committee On:  
Local Government, March 23, 2017

**Title:** An act relating to clarifying the county treasurer's administration of payments and costs related to delinquent properties.

**Brief Description:** Clarifying the county treasurer's administration of payments and costs related to delinquent properties.

**Sponsors:** Representatives Volz, Stonier, McCaslin, Taylor, Shea, Koster and Holy.

**Brief History:** Passed House: 3/07/17, 97-0.

**Committee Activity:** Local Government: 3/21/17, 3/23/17 [DPA].

### Brief Summary of Amended Bill

- Clarifies the county treasurer's duties for collecting and accepting payment for taxes.
- Clarifies and limits the definition of "tax foreclosure avoidance costs" to those direct costs associated with, rather than those costs that can be identified with, the administration of properties subject to and prior to foreclosure.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass as amended.

Signed by Senators Short, Chair; Angel, Vice Chair; Takko, Ranking Minority Member; Palumbo and Sheldon.

**Staff:** Bonnie Kim (786-7316)

**Background:** County Treasurer Duties. A treasurer is the custodian of county money and the administrator of the county's financial transactions. A treasurer may also serve as the ex officio treasurer for a special purpose district and provide financial services to districts and other units of local government. Treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements. Each treasurer is

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responsible for notifying each taxpayer of the amount of taxes owed on the taxpayer's property and for collecting all taxes levied on personal and real property of the county.

Collection of Property Taxes. All taxes due on real and personal property are due and payable to the treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30th and the balance is due by October 31st. If the tax is less than \$50, the entire payment must be paid in full by April 30th. Delinquent tax payments are subject to interest and penalties.

Treasurers may use electronic bill presentment and payment (electronic billing) to collect taxes, assessments, fees, rates, and charges. As an option, a taxpayer may use this electronic process; however, the treasurer may not require its use.

A treasurer must provide a payment agreement to each taxpayer for payment of current year taxes including any prepayments of collection charges. In instances where tax payments are past due, the treasurer may provide a payment agreement for payment of any past due delinquent taxes. The agreement for past due delinquencies must include a requirement that current year taxes are paid timely. The taxpayer and treasurer must sign a payment agreement prior to the treasurer using any electronic billing. A treasurer may accept partial payment of current and delinquent taxes due using electronic billing and payments. If a taxpayer is successfully participating in a payment agreement, the county may not assess additional penalties on delinquent taxes that are included in the payment agreement.

Tax Foreclosure Costs. Prior to filing a certificate of delinquency, treasurers may assess and collect tax foreclosure avoidance costs against real property for costs that can be "identified specifically with" the administration of properties subject to and prior to foreclosure. Tax foreclosure avoidance costs include: (1) compensation of employees for the time devoted and identified specifically to administering the avoidance of property foreclosure; and (2) the cost of materials, services, or equipment acquired, consumed, or expended specifically for the purpose of administering tax foreclosure avoidance prior to the filing of a certificate of delinquency.

The county's current expense fund must include credits from all collections of interest on delinquent taxes. The treasurer's operation and maintenance fund, used as a revolving fund, must include any amounts collected from the cost of foreclosure and sale of real property and the costs of distraint and sale of personal property, for delinquent taxes. This revolving fund defrays the cost of further foreclosure, distraint, and sale of real and personal property for delinquent taxes without regard to budget limitations.

**Summary of Amended Bill:** The treasurer's duties for collecting and accepting payment for taxes are clarified.

The definition of "tax foreclosure avoidance costs" is clarified and limited to those direct costs associated with, rather than those costs that can be identified with, the administration of properties subject to and prior to foreclosure. Proceeds from the direct cost of foreclosure and sale of real property, and the direct fees and costs of distraint and sale of personal property, used by the treasurer as a revolving fund, are not subject to indirect costs of other charges.

**EFFECT OF LOCAL GOVERNMENT COMMITTEE AMENDMENT(S):**

- Restores and makes optional a provision allowing county treasurers to accept partial payment of current and delinquent taxes using any method the treasurer authorizes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on House Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: The key component of this bill focuses on helping taxpayers struggling to make payments and stay in their homes. This bill makes partial payments more flexible by making electronic payments discretionary rather than mandatory. This bill also helps taxpayers by clarifying which foreclosure fees can be passed onto the taxpayer.

**Persons Testifying:** Representative Mike Volz, Prime Sponsor.

**Persons Signed In To Testify But Not Testifying:** No one.