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## Local Government Committee

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### HB 1105

**Brief Description:** Protecting taxpayers from home foreclosure.

**Sponsors:** Representatives Orwall, Ryu, Wylie, Pollet, Stanford and Frame.

#### Brief Summary of Bill

- Requires treasurers to annually distribute tax statements by March 15.
- Requires property tax statements to include the contact information for the statewide foreclosure hotline.
- Requires all delinquent tax notices to specifically include current and delinquent taxes due, penalties and interest due, and information for the statewide foreclosure hotline.
- Requires county treasurers to provide the contact information of delinquent taxpayers to a homeownership resource center after two years of property tax delinquencies.
- Authorizes taxpayers to participate in payment agreements for delinquent taxes in any case where current or past taxes may be delinquent.
- Requires that all payments, received from a taxpayer participating in a payment agreement or making a partial tax payment for a delinquency, to be applied to the oldest delinquent year first unless the taxpayer requests otherwise.
- Creates counselor referral hotline and housing counseling activities accounts.

**Hearing Date:** 1/18/19

**Staff:** Yvonne Walker (786-7841).

#### Background:

A county treasurer (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

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purpose district and may 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.

**Tax Statements and Payment Due Dates.** All real and personal property in Washington is subject to property tax, unless the law provides a specific exemption. 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 30 and the balance is due by October 31. If the tax is less than \$50, the entire payment must be paid in full by April 30. Delinquent tax payments are subject to interest and penalties.

Each treasurer is 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 in the county. Each tax statement must include a notice that payments are to be made payable to the county treasurer or other appropriate office. There is no specified date in statute identifying when tax statements are required to be distributed to taxpayers.

**Payment Options.** A treasurer may accept prepayments for current year taxes provided the payments are paid in full by the statutory tax payment due dates.

A treasurer may provide a payment agreement to a taxpayer for payment of any current or delinquent taxes owed. In instances where tax payments are past due, the treasurer may provide a payment agreement for payment of any past due delinquent taxes; however, a taxpayer cannot participate in the payment agreement for past year delinquencies if his or her current year taxes have not been paid timely.

In addition to payment agreements, a treasurer may also accept partial payments of current and delinquent taxes, including any interest and penalties. If a taxpayer is successfully participating in a payment agreement or a partial payment program, the taxpayer may get relief from additional penalties and interest, and the county may not assess any additional penalties on delinquent taxes that are included within the payment agreement.

Electronic billings and payments may be made on a monthly or other periodic basis for delinquent tax year payments only or for prepayments.

**Tax Foreclosures.** Three years after the date real property taxes become delinquent, the county treasurer is required to begin foreclosure action. The county treasurer must issue a certificate of delinquency on the property for all years' taxes, interest, and costs, unless the county treasurer elects to issue a certificate for fewer than all years' taxes, interest, and costs. The county treasurer files the certificate of delinquency with the clerk of the court and, with the assistance of the local prosecuting attorney, institutes an action for foreclosure of the real property tax lien. A certificate of delinquency establishes that the property was subject to property tax; the property was assessed as required by law; and the taxes or assessments were not paid at any time before the issuance of the certificate. Notice and summons of the foreclosure proceeding must be given to the property owner and any person having a recorded interest in, or lien of record upon, the property.

The superior court, in determining an action to foreclose on a tax lien, may enter an order for the sale of the affected property which allows the county treasurer to proceed with the sale of the property. The county treasurer must sell the property through a public auction and upon sale of the property, a purchaser must pay all delinquent taxes, interest, or costs.

If the amount of the bid exceeds the amount of taxes, interest, and costs due, the excess funds must first be paid to satisfy all recorded water-sewer district liens, and any remaining excess funds must be paid to the record owner of the property if the record owner makes application for the excess funds. If the record owner does not apply for the excess funds within three years after the date of sale, the treasurer must deposit the excess funds in the county current expense fund, and all claims by any owner to the excess funds are extinguished. Record owner means the person who held title to the property on the date of the issuance of the certificate of delinquency.

### **Summary of Bill:**

Property tax statements are amended, counseling information is provided to delinquent taxpayers, and requirements relating to how delinquent tax payments are applied are established.

**Tax Statements and Payment Due Dates.** County treasurers must distribute tax statements, for the current year's taxes owed, to each taxpayer on or before March 15 provided that: (1) all local taxing budgets have been submitted to the county legislative authorities by November 30; (2) the county legislative authority has certified taxes levied to the county assessor by November 30; and (3) the county assessor has delivered the tax roll to the county treasurer by January 15. In addition, each tax statement that is distributed must include the contact information for the statewide foreclosure hotline as recommended by the Washington State Housing Finance Commission (HFC).

A county treasurer must provide a notice to each taxpayer whose taxes are delinquent. The delinquent tax notices must include: (1) any current taxes or special assessments due, including any penalties and interest; (2) any delinquent taxes or assessments due, including any penalties and interest due; and (3) the contact information for the statewide foreclosure hotline.

Two years after the date real property taxes become delinquent, the county treasurer must provide the name and address of the delinquent taxpayer to a homeowner resource center or any other designated local or state entity recommended by the HFC.

**Payment Options.** Despite whether current year taxes are paid on a timely basis, taxpayers are authorized to participate in a payment agreement with the county treasurer for past due tax delinquencies.

All payments, received by a treasurer from a taxpayer participating in a payment agreement for a tax delinquency or making a partial tax payment for a delinquency, must be applied to the oldest delinquent year first unless the taxpayer requests otherwise.

Electronic billings and payments may be made for both delinquent tax year payments and for prepayments of current tax.

**Tax Foreclosures.** If a county treasurer sells a foreclosure parcel at a public auction, the winning bidder is allowed no less than 48 hours to pay the winning bid by electronic fund transfer.

A counselor referral hotline account and a housing counseling activities account is created from which the Department of Commerce may authorize funding to agencies and organizations to fund the housing counselor referral hotline and housing counseling activities. Counties must annually remit twenty percent of excess funds (unclaimed excess funds from tax foreclosure sales) to the state treasurer for deposit into these accounts. The legislature must match and appropriate an amount equal to the county excess funds.

Other technical amendments, clarifications, and subtitles are added to the act.

**Appropriation:** None.

**Fiscal Note:** Requested on January 11, 2019.

**Effective Date:** The bill takes effect on January 1, 2020.