

SENATE BILL REPORT

SSB 5714

As Amended by House, April 10, 2023

Title: An act relating to payments made for property taxes or special assessments by an automated check processing service.

Brief Description: Concerning payments made for property taxes or special assessments by an automated check processing service.

Sponsors: Senate Committee on Local Government, Land Use & Tribal Affairs (originally sponsored by Senators Wagoner and Wilson, L.).

Brief History:

Committee Activity: Local Government, Land Use & Tribal Affairs: 2/14/23, 2/16/23 [DPS, w/oRec].

Floor Activity: Passed Senate: 3/7/23, 48-0.
Passed House: 4/10/23, 98-0.

Brief Summary of First Substitute Bill

- Establishes that tax payments generated by an automated check processing service or payments with no discernable postmark date and received within three business days of the 30th day of April or the 31st day of October are not delinquent.

SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

Majority Report: That Substitute Senate Bill No. 5714 be substituted therefor, and the substitute bill do pass.

Signed by Senators Lovelett, Chair; Salomon, Vice Chair; Torres, Ranking Member; Short.

Minority Report: That it be referred without recommendation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senator Kauffman.

Staff: Karen Epps (786-7424)

Background: County Treasurers. A county treasurer is the custodian of county money and the administrator of the county's financial transactions. 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 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.

Tax Delinquencies and Payment Options. Delinquent tax payments are subject to interest and penalties. Interest is charged at 1 percent per month on the full amount due from the month of delinquency until the delinquency is paid in full. A 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1st, with an additional 8 percent penalty imposed on the unpaid amount of current taxes as of December 1st. Taxpayers are authorized to participate in a payment agreement with the treasurer for past due tax delinquencies. If a taxpayer is participating in a payment agreement, the treasurer may not assess additional penalties on any taxes included within the payment agreement.

Summary of First Substitute Bill: Tax payments generated by an automated check processing service or payments with no discernable postmark date and received within three business days of the 30th day of April or the 31st day of October are not delinquent.

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: A taxpayer can pay their taxes on time and still be penalized for paying late. The current statute does not allow leeway for treasurers to determine if a penalty should be assessed. If property tax payments come in without a postmark, it is considered late. This issue is increasing because, with a check pay service, those payments are often not postmarked and in rural post offices, mail is sent to central post offices for processing and that adds time. This bill allows a treasurer to not fine a taxpayer when the payment was made on time.

OTHER: A taxpayer can pay their taxes through a bill pay system and if the bank does not mail the check timely, the taxpayer can be considered delinquent. There is concern with this bill as it would treat some forms of payment, such as online bill pay, different than others. The due date should be fair and consistent across all forms of payment. Taxpayers receive their statements in February or March, so there is opportunity to ensure their payments are received on time. The language specifying three days should be changed to three business days because if the due date falls on a weekend, the payment is due the following Monday.

Persons Testifying: PRO: Senator Keith Wagoner, Prime Sponsor.

OTHER: Jackie Brunson, Washington Association of County Treasurers.

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

EFFECT OF HOUSE AMENDMENT(S):

- Provides that payments must be sent through the United States mail in order to qualify as non-delinquent if received within three days of the payment due date with no discernible postmark date.