

HOUSE BILL REPORT

HB 2271

*As Reported By House Committee on:
Local Government*

Title: An act relating to the sale of tax foreclosed property.

Brief Description: Describing when tax foreclosed property may be disposed of by private negotiations.

Sponsor(s): Representatives H. Sommers, Haugen and Winsley.

Brief History:

Reported by House Committee on:
Local Government, January 22, 1992, DPS.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 15 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Staff: Steve Lundin (786-7127).

Background: When property taxes are imposed a lien is established on the property until the taxes are paid.

The county treasurer of the county in which the property is located issues a certificate of delinquency and the prosecuting attorney forecloses the lien for unpaid property taxes if property taxes remain unpaid for three years. Notice is made of the foreclosure proceeding before the superior court. The superior court orders the judgment for delinquent taxes, interest, and costs if the lien is not paid and orders the property sold. The property is sold by public auction if the lien is not paid by the day before the day of sale, with the minimum acceptable bid being for the amount of the delinquent taxes, interest, and costs.

If a minimum acceptable bid is not made at the public auction, the county is considered to have bid the minimum acceptable bid and acquires the property. The tax foreclosed property that the county obtains may be sold at a

later date. Tax foreclosed property that is real property must be sold at a public auction. However, the county may sell tax foreclosed real property for not less than the principal amount of the unpaid taxes by private negotiation directly to any public agency for public purposes.

Summary of Substitute Bill: The instances when a county may sell tax foreclosed real property by private negotiation without using a public auction are expanded to include: (1) when the county legislative authority determines that it is not practical to build on the real property due to the physical characteristics of the property or legal restrictions on construction activities on the property; or (2) when the real property is attempted to be sold at a public auction, but no acceptable bids are received, if the property is sold within six months from the date of the attempted public auction.

Substitute Bill Compared to Original Bill: Technical changes are made removing a redundant statement stating, for the second time, that the property could be sold at a private sale.

Fiscal Note: Not requested.

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

Testimony For: This gives the county more flexibility to sell property where there are no bids. The property generally is small unusable strips that only has interest to the owner of adjacent property.

Testimony Against: None.

Witnesses: Fred Saeger, Washington Association of County Elected Officials.