

**SENATE BILL REPORT**

**SB 5791**

**AS OF MARCH 4, 1991**

**Brief Description:** Requiring notices about real property taxes to be given to the person making payments.

**SPONSORS:** Senators Moore, von Reichbauer, McCaslin, Rasmussen, Vognild and Johnson.

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Staff:** Meg Jones (786-7416)

**Hearing Dates:** March 5, 1991

**BACKGROUND:**

Owners of real property are responsible for paying property taxes set as the result of assessments by the county in which the property is located. The majority of homes are purchased using financing secured by a mortgage, contract of sale, or deeds of trust. When subject to a security interest, the "homeowner" or property owner makes monthly payments which can include property tax and insurance costs. Under this type of financing, property taxes are often paid by the holder of the security interest, who holds a portion of the monthly payment in escrow until the property taxes are due. Security interests can be sold by the company holding the note.

If the holder of the security interest becomes delinquent in paying the property taxes, the homeowner may not receive notice of the delinquency unless the assessor's office requests the name and address of the person making payments. Since property can be seized if property taxes are not paid, the risk to the homeowner is loss of his or her home if for some reason the entity to which payments are made does not pay the property taxes.

**SUMMARY:**

A taxpayer holding solely a security interest on property must notify the assessor's office of the name and address of the person making payments pursuant to the security interest. The assessor must provide to that person any notice of delinquent taxes, as well as to the taxpayer.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested