
SUBSTITUTE SENATE BILL 5510

State of Washington

56th Legislature

1999 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Oke, Swecker, Long, Sellar, Zarelli, Hochstatter, Rossi, Johnson, Morton, Hale, Stevens and West)

Read first time 03/08/1999.

1 AN ACT Relating to collection agencies used to collect unpaid
2 taxes; and amending RCW 82.32.265 and 82.32.210.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 82.32.265 and 1987 c 80 s 5 are each amended to read
5 as follows:

6 (1) The department may retain, by written contract, collection
7 agencies licensed under chapter 19.16 RCW or licensed under the laws of
8 another state or the District of Columbia for the purpose of collecting
9 (~~from sources outside the state of Washington~~) taxes including
10 interest and penalties thereon imposed under this title and RCW
11 84.33.041.

12 (2) Only accounts represented by tax warrants filed in the superior
13 court of a county in the state as provided by RCW 82.32.210 may be
14 assigned to a collection agency, and no such assignment may be made
15 unless the department has previously notified or has attempted to
16 notify the taxpayer of his or her right to petition for correction of
17 assessment within the time provided and in accordance with the
18 procedures set forth in chapter 82.32 RCW.

1 (3) Collection agencies assigned accounts for collection under this
2 section shall have only those remedies and powers that would be
3 available to them as assignees of private creditors. However, nothing
4 in this section limits the right to enforce the liability for taxes
5 lawfully imposed under the laws of this state in the courts of another
6 state or the District of Columbia as provided by the laws of such
7 jurisdictions and RCW 4.24.140 and 4.24.150.

8 (4) The account of the taxpayer shall be credited with the amounts
9 collected by a collection agency before reduction for reasonable
10 collection costs, including attorneys fees, that the department is
11 authorized to negotiate on a contingent fee or other basis.

12 **Sec. 2.** RCW 82.32.210 and 1998 c 311 s 8 are each amended to read
13 as follows:

14 (1) If any fee, tax, increase, or penalty or any portion thereof is
15 not paid within fifteen days after it becomes due, the department of
16 revenue may issue a warrant in the amount of such unpaid sums, together
17 with interest thereon from the date the warrant is issued until the
18 date of payment. If, however, the department of revenue believes that
19 a taxpayer is about to cease business, leave the state, or remove or
20 dissipate the assets out of which fees, taxes or penalties might be
21 satisfied and that any tax or penalty will not be paid when due, it may
22 declare the fee, tax or penalty to be immediately due and payable and
23 may issue a warrant immediately. The department may include in any
24 such warrant any reasonable fee paid or to be paid to a collection
25 agency retained under RCW 82.32.265 or other authority.

26 (a) Interest imposed before January 1, 1999, shall be computed at
27 the rate of one percent of the amount of the warrant for each thirty
28 days or portion thereof.

29 (b) Interest imposed after December 31, 1998, shall be computed on
30 a daily basis on the amount of outstanding tax or fee at the rate as
31 computed under RCW 82.32.050(2). The rate so computed shall be
32 adjusted on the first day of January of each year for use in computing
33 interest for that calendar year. As used in this subsection, "fee"
34 does not include an administrative filing fee such as a court filing
35 fee and warrant fee.

36 (2) The department shall file a copy of the warrant with the clerk
37 of the superior court of any county of the state in which real and/or
38 personal property of the taxpayer may be found. Upon filing, the clerk

1 shall enter in the judgment docket, the name of the taxpayer mentioned
2 in the warrant and in appropriate columns the amount of the fee, tax or
3 portion thereof and any increases and penalties for which the warrant
4 is issued and the date when the copy is filed, and thereupon the amount
5 of the warrant so docketed shall become a specific lien upon all goods,
6 wares, merchandise, fixtures, equipment, or other personal property
7 used in the conduct of the business of the taxpayer against whom the
8 warrant is issued, including property owned by third persons who have
9 a beneficial interest, direct or indirect, in the operation of the
10 business, and no sale or transfer of the personal property in any way
11 affects the lien.

12 (3) The lien shall not be superior, however, to bona fide interests
13 of third persons which had vested prior to the filing of the warrant
14 when the third persons do not have a beneficial interest, direct or
15 indirect, in the operation of the business, other than the securing of
16 the payment of a debt or the receiving of a regular rental on
17 equipment. The phrase "bona fide interests of third persons" does not
18 include any mortgage of real or personal property or any other credit
19 transaction that results in the mortgagee or the holder of the security
20 acting as trustee for unsecured creditors of the taxpayer mentioned in
21 the warrant who executed the chattel or real property mortgage or the
22 document evidencing the credit transaction.

23 (4) The amount of the warrant so docketed shall thereupon also
24 become a lien upon the title to and interest in all other real and
25 personal property of the taxpayer against whom it is issued the same as
26 a judgment in a civil case duly docketed in the office of the clerk.
27 The warrant so docketed shall be sufficient to support the issuance of
28 writs of garnishment in favor of the state in the manner provided by
29 law in the case of judgments wholly or partially unsatisfied.

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