

HOUSE BILL REPORT

SHB 2878

As Passed Legislature

Title: An act relating to making changes to county treasurer statutes.

Brief Description: Making changes to county treasurer statutes.

Sponsors: By House Committee on Local Government (originally sponsored by Representatives Romero, Alexander and Hunt).

Brief History:

Committee Activity:

Local Government: 1/28/04, 2/2/04 [DPS].

Floor Activity:

Passed House: 2/11/04, 95-0.

Senate Amended.

Passed Senate: 3/3/04, 46-0.

House Concurred.

Passed House: 3/8/04, 94-0.

Passed Legislature.

Brief Summary of Substitute Bill

- Creates substantive and technical changes in various statutes relating to the authority and responsibilities of county treasurers.
- Creates procedures to be followed by the county coroner with respect to the disposition of unclaimed property that is found upon the body of a decedent and eliminates various statutory responsibilities of the county treasurer with respect to such property.
- Requires that upon the filing of the requisite affidavit attesting that a mobile home or trailer has been destroyed, the mobile home or trailer must be removed from the tax rolls and any outstanding taxes must be removed by the county treasurer.
- Clarifies that the monetary penalties collected for failure to meet disclosure requirements with respect to taxable personal property shall be distributed in the same manner as other property tax interest and penalties.
- Creates technical changes to statutes relating to the collection of certain excise taxes by local governments.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Romero, Chair; Simpson, D., Vice Chair; Schindler, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Ahern, Clibborn, Edwards, Ericksen, Mielke, Moeller and Upthegrove.

Staff: Thamas Osborn (786-7129).

Background:

Authority and duties of county treasurer. The county treasurer (treasurer) operates under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. The treasurer is the custodian of the county's money and the administrator of the county's financial transactions. In addition to his or her duties relating to county functions, the treasurer provides financial services to special purpose districts and other units of local government, which include responsibility for the receipt, disbursement, investment and accounting of the funds of each of these entities. The treasurer is also responsible for the collection of various taxes, including legal proceedings to collect past due amounts. Furthermore, the treasurer has other miscellaneous duties such as conducting bond sales and sales of surplus county property.

Personal property tax assessments. State law allows property taxes to be levied on broad categories of personal property owned by commercial and business interests. The county assessor is required to make a list of all persons in the county that are subject to the assessment of such personal property taxes. The listed persons must, in turn, make detailed written disclosures to the assessor regarding the personal property that is subject to assessment. A person who fails or refuses to make the requisite disclosures may be subject to monetary penalties which are added to the amount of the tax assessed against the taxpayer. Such penalties are collected in the same manner as the underlying tax.

Personal property tax liens. Taxes owed on personal property are treated as a lien upon the property subject to taxation. In any determination of the legal rights of various creditors who may have claims relating to personal property that is subject to a tax lien, the satisfaction of the tax lien has priority over the satisfaction of a mortgage, judgement, debt, or other legal obligation. Until such time as the taxes and interest are paid in full, it is unlawful for a person to remove from the county any property that is subject to a tax lien.

Summary of Substitute Bill:

Disposition of a decedent's unclaimed property. The responsibility for the public auctioning of unclaimed property found upon the body of decedent is shifted from the county treasurer to the county coroner. The coroner is required to comply with specified procedures with respect

to the disposition of unclaimed property, other than money, found upon the body of a decedent.

Administration of county investment pool. The county treasurer may, without regard to budget limitations, use funds deducted from an authorized county investment pool to create a revolving fund to pay the administrative costs of running the pool.

Back taxes owed on destroyed mobile home or trailer. Upon a property owner's filing of the requisite affidavit with the county assessor attesting to the destruction of a mobile home or trailer, the mobile home or trailer must be removed from the tax rolls and any outstanding taxes must be removed by the treasurer.

Distribution of personal property tax penalties. The penalties collected for failure to meet disclosure requirements with respect to taxable personal property must be distributed by the county treasurer in the same manner as other property tax interest and penalties.

Personal property subject to tax liens. A technical amendment is made to the language of RCW 84.56.120, so as to delete the word "priority" from the phrase "priority lien." This amendment makes the language of the statute consistent with other internally-referenced statutes pertaining to the creation and enforcement of tax liens.

Real property tax foreclosure proceedings. 1) Clarifies existing law by specifying that prior to refunding excess funds derived from a real property tax foreclosure sale, a county treasurer is responsible for paying only those water-sewer district liens that are "recorded". 2) Clarifies existing law by specifying that in the event no claim is made for excess tax foreclosure sale funds during the three-year period following such sale, all claims to such funds by property owners are extinguished.

Excise tax assessments. RCW 67.28.181 is amended to allow certain municipalities to impose an excise tax for the furnishing of lodging at a rate not exceeding the rate imposed by the municipality as of January 31, 1999. The effect of this amendment is to extend the date used as a reference point for determining the maximum tax rate from January 1, 1999 to January 31, 1999.

RCW 67.28.200 is amended to specify that all of the provisions set forth in RCW 82.08.050 and 82.08.060 and chapter 82.32 RCW, relating to the procedures and schedules for the collection of excise taxes, are applicable to the taxes imposed under chapter 67.28 RCW.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Both the Washington Association of County Treasurers and the Washington Association of County Officials support the bill and encourage its passage. This bill is largely

technical and is needed in order to clarify various statutes relating to the duties of county treasurers. The provisions regarding a county treasurer's management of a county investment pool simply formalizes the existing practices of county treasurers in this state. The section of the bill dealing with tax issues related to destroyed or abandoned mobile homes clarifies and expands existing law. Section 5 of the bill clarifies current law regarding the distribution of tax interest and penalties stemming from a taxpayer's failure to properly disclose his or her taxable personal property. Section 7 of the bill, dealing with tax liens, involves a small technical change in the statutory language which has no substantive effect on the underlying statute. The bill does not significantly expand the duties of a county coroner; rather, it allows the coroner to dispose of worthless property. Section 6 should be deleted from the bill.

Testimony Against: None.

Persons Testifying: Rose Bowman, Washington State Association of County Treasurers; and Christina Bridston, Washington Association of County Officials.

Persons Signed In To Testify But Not Testifying: None.