

# HOUSE BILL REPORT

## SHB 2986

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**As Passed House:**  
February 13, 2008

**Title:** An act relating to property tax collection and assessment.

**Brief Description:** Concerning property tax collection and assessment.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives Takko and Schindler).

**Brief History:**

**Committee Activity:**

Finance: 2/1/08, 2/6/08 [DPS].

**Floor Activity:**

Passed House: 2/13/08, 95-0.

### Brief Summary of Substitute Bill

- Requires property tax refund claims be made within three years of the due date for payment.
- Makes payment dates and interest charges for diking, drainage, or sewerage improvement district assessments the same as for property taxes.
- Allows a county treasurer to use a verification of payment rather than a stamp to show evidence of payment of the real estate excise tax.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, Roach and Santos.

**Staff:** Rick Peterson (786-7150).

**Background:**

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

County treasurers operate under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. County treasurers are 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 county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of these entities. County treasurers are responsible for the collection of various taxes (including legal proceedings to collect past due amounts) and other miscellaneous duties, such as conducting bond sales and sales of surplus county property.

Among a county treasurer's duties in collecting taxes is the establishment of the county's tax rolls. The county treasurer's establishment of the yearly tax rolls is the prerequisite to the county treasurer having the authority to levy and receive taxes. Until 2007 the county treasurer could not receive tax payments prior to February 15. The 2007 Legislature eliminated this requirement. The county treasurer may receive tax payments once the tax roll for the current year's collection is complete.

The first half of property taxes are due by April 30 and the second half on October 31. The rate of interest on delinquent property taxes is 12 percent.

Property tax refunds can be made if there has been mistake or error in the tax bill. Also refunds are given if the property's value has been reduced due to an appeal. The claim for refund must be made within three years after the taxpayer paid the property tax. However, the county legislative authority may order a refund for an unlimited period.

Diking, drainage, or sewerage improvement district assessments for construction or maintenance of improvements are collected in the same manner as property taxes. The annual assessments or installments of assessments for construction and maintenance and repairs are due in two equal installments. The first is payable by May 30 and the second half by November 30. The rate of interest on late delinquencies is 10 percent.

The real estate excise tax is collected by the county treasurer. The tax generally applies to the sales of real property. The county treasurer must put a stamp on the instrument of sale or conveyance showing the tax has been paid before the instrument can be filed with the county auditor.

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### **Summary of Substitute Bill:**

Statutes that reference the February 15 property tax collection date are changed to reference the date of the completion of the tax roll.

All property tax refund claims must be made within three years of the due date for payment. This includes property tax refund claims made on order of the county legislative authority. The payment dates for diking, drainage, or sewerage improvement district assessment is changed to the dates used for property tax collections: April 30 for the first half payment and

October 31 for the second half. The interest rate charged on delinquent assessments is changed to 12 percent.

The stamp required to show evidence of payment of the real estate excise tax is replaced by a verification of payment by the county treasurer.

The Washington State Association of County Treasurers and Washington State Association of County Assessors are to convene a work group to examine ways to provide detailed property tax information to all taxpayers. The work group includes representatives of financial institutions that engage in the collection and payment of property taxes on behalf of property owners.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 21, 2008.

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

**Staff Summary of Public Testimony:**

(In support) This is a county treasurers clean up bill. Last year, the February 15 date related to payment of property taxes was repealed. There were a number of statutes that referenced the February 15 date that need to be updated. Also some dates related to special assessments need to be made consistent with the normal property tax dates so that these assessments can be collected together with the property tax bill. Currently the county legislative authority can go back an unlimited number of years for refunds. It is difficult to determine the property amount when refunds go back that far. Other refund requests can only go back three years.

(Opposed) None.

**Persons Testifying:** Representative Takko, prime sponsor; and Rose Bowman and Ron Strabbing, Washington Association of County Treasures.

**Persons Signed In To Testify But Not Testifying:** None.