

HOUSE BILL REPORT

HB 2962

As Reported by House Committee On: Local Government & Housing

Title: An act relating to allowing county treasurers to use electronic bill presentment and payment that includes an automatic electronic payment option for property taxes.

Brief Description: Allowing county treasurers to use electronic bill presentment and payment that includes an automatic electronic payment option for property taxes.

Sponsors: Representatives Probst and Hunter.

Brief History:

Committee Activity:

Local Government & Housing: 1/25/10, 2/1/10 [DPS].

Brief Summary of Substitute Bill

- Authorizes county treasurers to, with taxpayer approval, collect taxes, assessments, fees, rates, and charges by electronic bill presentment and payment.
- Defines "electronic bill presentment and payment" as statements, invoices, or bills that are created, delivered, and paid using the internet.
- Specifies that electronic bill presentment and payment may be on a monthly or other periodic basis as the treasurer deems proper for prepayments, and that all prepayments must be paid in full by the applicable April 30 or October 31 due date.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Fagan, Miloscia, Short, Springer, Upthegrove, White and Williams.

Staff: Ethan Moreno (786-7386).

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.

Background:

General Authority and Duties of County Treasurers.

County treasurers have various duties and authorities relating to the receipt, processing, and disbursement of funds. Treasurers are the custodian of the county's funds and the administrator of the county's financial transactions. In addition to their duties relating to county functions, treasurers provide financial services to special purpose districts and other units of local government. Treasurers are also responsible for the collection and receipt of taxes due counties.

County treasurers may accept credit cards, charge cards, debit cards, and other electronic communications for any payment of any kind. With some exceptions, a person paying through electronic communications is required to bear the cost of processing the transaction in an amount determined by the treasurer. The treasurer's cost determination must be based upon costs incurred by the treasurer and may not exceed the additional direct costs incurred by the county to accept the specific form of payment utilized by the payer.

Timing of Real and Personal Property Tax Payments.

If the total amount of tax or special assessments on personal property or on any lot, block or tract of real property is \$50 or more, and if half of the amount due is paid on or before April 30, the remainder of the tax is due and payable on or before October 31.

Summary of Substitute Bill:

County treasurers are authorized to collect taxes, assessments, fees, rates, and charges by electronic bill presentment and payment. "Electronic bill presentment and payment" is defined to mean statements, invoices, or bills that are created, delivered, and paid using the Internet, a term that is also defined in the bill. Electronic bill presentment and payment includes an automatic electronic payment from a person's checking account, debit account, or credit card.

Taxpayers may opt to use electronic bill presentment and payment, but treasurers may not compel the use of the electronic billing and payment system. Prior to the sending of an electronic bill, the taxpayer and treasurer must sign an agreement that may include provisions for a prepayment collection charge. Electronic bill presentment and payment may be on a monthly or other periodic basis as the treasurer deems proper for prepayments, and all prepayments must be paid in full by the applicable April 30 or October 31 due date.

The treasurer must pay any collection costs, investment earnings, or both on prepayments to the credit of a county treasurer service fund account that must be created and used only for the payment of expenses incurred by the treasurer, without limitation, in administering the system for collecting prepayments.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the original bill: (1) specifies that electronic bill presentment and payment may be utilized as an option by the taxpayer, but a county treasurer may not require the use of the electronic payment system; (2) deletes a provision requiring treasurers to hold prepayments in escrow; (3) specifies that all prepayments must be paid in full in accordance with applicable due date provisions; (4) specifies that the treasurer must provide, by electronic means, a payment agreement that may include prepayment collection charges and the payment agreement must be signed by the taxpayer and treasurer prior to the sending of an electronic bill; (5) specifies that the treasurer must pay any collection costs, investment earnings, or both on prepayments to the credit of a county treasurer service fund account created for the payment of expenses incurred by the treasurer in administering the system for collecting prepayments; (6) deletes provisions pertaining to a Department of Revenue administered grant program for grants related to the development and implementation of an electronic bill presentment and payment system; and (7) defines "Internet."

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is intended to provide an option that will allow willing taxpayers to pay their taxes online. This bill will not require county treasurers to be escrow officers. The bill allows tax prepayments, but it does not change tax due dates. The bill is patterned after legislation that was adopted in Indiana with opposition from county treasurers. The voluntary provisions of the bill will be beneficial for treasurers, as it will help smooth county revenue streams and save mailing costs. The voluntary provisions will also benefit taxpayers and taxing jurisdictions. Citizens are paying utility and other bills online: doing so helps the payer manage his or her budget and avoid late penalties. Most businesses charge a small fee for electronic payments and this bill will allow treasurers to do the same. Counties have the authority to receive electronic payments, but they lack the authority to perform electronic billing.

(Opposed) County treasurers already accept electronic payments: almost everyone can pay online with credit cards and other electronic methods. This bill will require treasurers to be savings and escrow officers and will create competition with savings banks and escrow companies. The bill does not provide escrow guidance to treasurers. This bill has been repeatedly discussed by county treasurers and they have yet to reach consensus on electronic bill payment concepts.

Persons Testifying: (In support) Representative Probst, prime sponsor; Duane A. Davidson, Benton County Treasurer; Gordon R. Heimbigner, Walla Walla County Treasurer; and Doug Lasher, Clark County Treasurer.

(Opposed) Rose Bowman, Washington Association of County Treasurers.

Persons Signed In To Testify But Not Testifying: None.