

SENATE BILL REPORT

SB 6768

As Reported by Senate Committee On:
Government Operations & Elections, February 4, 2010

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: Senators Pridemore, Delvin, Fairley and Hewitt.

Brief History:

Committee Activity: Government Operations & Elections: 2/04/10 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 6768 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Benton, McDermott, Pridemore and Swecker.

Staff: Alison Mendiola (786-7483)

Background: A county treasurer is the receiver and collector of all taxes extended upon the tax rolls of the county whether levied for state, county, school, bridge, road, municipal, or other purposes.

Property Tax. When the total amount of tax or special assessments on personal property is more than \$50, and if one-half of the tax is paid on or before April 30, the remainder of the tax is due on or before October 31.

Method of Payment. County treasurers are authorized to accept credit cards, charge cards, debit cards, smart cards, stored value cards, federal wire, and automatic clearinghouse system transactions, or other electronic communication, for any payment of any kind. A payer bears 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.

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.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): A county treasurer may bill and accept payments for property taxes electronically. Electronic bill payment is optional for the taxpayer and cannot be required by the county treasurer.

Electronic bill payment and presentment may be monthly or other periodic basis. All prepayments must be paid in full according to the current due dates of April 30 and October 31, accordingly.

If a taxpayer wants to pay electronically, the treasurer must provide a payment agreement, electronically, that may include prepayment collection charges. The payment agreement must be signed by the taxpayer and treasurer prior to the treasurer sending an electronic bill.

Any collection costs and investment earnings on prepayments may only be used for the payment of expenses incurred by the treasurer in administering the system for collecting payments.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: People paying their mortgage pay their taxes through escrow, then elderly couples are on fixed incomes. Making two large payments twice a year can be quite a burden. This optional method of payment would help taxpayers budget better and help them avoid paying penalties and interest. Similar legislation was enacted in another state. If taxpayers pay more frequently, funds will be distributed by county treasurers more frequently to all the taxing entities on a more even and frequent basis. Not all counties are uniform. For example not all counties accept ACH payments, but that hasn't caused an outcry of confusion. This would also help reduce the treasurer's costs and allow a better ability to track billing. Now bills can get lost in the mail, they are easier to follow electronically. It does not take a lot of time to process electronic payments. For example one county gets about 8,000 payments twice a month from mortgage escrow accounts, and it takes about 30 minutes to process.

CON: The county treasurers all met and only three agreed to this proposition. It's preferred if all the counties follow the same process so as to not avoid confusion with the taxpayers. For example, a person with a principle residence in King County and vacation property in Ocean Shores - one county may accept electronic payment and the other may not. A better approach would be to create a task force to look at this issue closer.

Persons Testifying: PRO: Duane Davidson, Benton County Treasurer; Gordon Heimbigner, Walla Walla County Treasurer; Doug Lasher, Clark County Treasurer.

CON: Rose Bowman, Lewis County Treasurer; Bob Lothspeigh, Whitman County Treasurer; Ron Strabbing, Grays County Treasurer.