

# HOUSE BILL REPORT

## HB 1815

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to local government treasury practices and procedures.

**Brief Description:** Revising local government treasury practices and procedures.

**Sponsors:** Representatives Wylie, Harris, Takko, Moeller and Ryu.

**Brief History:**

**Committee Activity:**

Local Government: 2/10/15, 2/18/15 [DPS].

**Brief Summary of Substitute Bill**

- Modifies provisions relating to a county treasurer's (treasurer) authority to accept electronic payments and charge transaction processing costs, including authorizing treasurers to absorb fees associated with electronic payments for taxes, and interest and penalties associated with taxes.
- Modifies provisions that govern a local government's issuance of duplicate instruments evidencing indebtedness when one is lost or destroyed.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride and Peterson.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin and Pike.

**Staff:** Michaela Murdock (786-7289).

**Background:**

County Treasurers.

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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.*

A county treasurer (treasurer) is the custodian of county money and the administrator of the county's financial transactions. They may also serve as the *ex officio* treasurer for a special purpose district (district), for example, a flood control district, irrigation district, or public utility district, and may provide financial services to districts and other units of local government. Treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements.

#### County Treasurers - Electronic Payments.

In receiving money due a county or district, treasurers may accept the following forms of electronic payment: credit cards, charge cards, debit cards, smart cards, stored value cards, federal wire, automatic clearinghouse system transactions, or other electronic communication. These forms of payment may be accepted for any kind of payment to the treasurer, including taxes, fines, interest, penalties, special assessments, fees, rates, charges, or other monies due.

A payer using an electronic form of payment bears the cost of processing the transaction. The amount of the cost is determined and charged by the treasurer, unless a county or district legislative authority finds that it is in the best interests of the county or district not to charge the transaction processing cost for all payment transactions made for a specific category of nontax payments (*e.g.*, fines, nontax interest, nontax penalties, special assessments, fees, rates, and charges). 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.

#### Local Governments - Duplicate Instruments.

When a warrant, bond, or any other instrument or evidence of indebtedness issued by a county, city, town, district, or political subdivision or municipal corporation of the state (local government), or any department or agency of the local government, is lost or destroyed, a duplicate may be issued. A duplicate instrument for local governments must be issued in the same manner, and subject to the same conditions and requirements, as that used to issue duplicate state instruments, except in specified circumstances.

#### State Officers or Agencies - Duplicate Instruments.

When a state warrant for the payment of money, a bond, or any other instrument or evidence of indebtedness is lost or destroyed, a duplicate in lieu of the original may be issued. The duplicate instrument must bear the same number, class, or designation as the original and must be for the same amount; however, the word duplicate must appear plainly on the face of the new instrument.

Before a duplicate instrument is issued, the state treasurer or other issuing officer must require the person requesting the duplicate to file a written, sworn affidavit. The affidavit must contain: the date of issue for the original instrument; the number, amount, and purpose of the original instrument; a statement that the original has been lost or destroyed, and that it has not been paid or received by the person making the affidavit. Duplicate instruments are subject in all other respects to the same provisions of law as the original instruments.

The State Treasurer or other issuing officer must keep a full and complete record of all warrants, bonds, or other instruments alleged to have been lost or destroyed and the issuance of any duplicates, as well as a list of all original warrants, bonds, or other instruments cancelled.

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

#### County Treasurers - Electronic Payments.

For payments to treasurers for taxes, and tax-associated interest and penalties, that are made using an automatic clearinghouse system, federal wire, or other electronic communication, treasurers are authorized to absorb within their banking services budget any fees associated with the transaction.

When a county or district legislative authority finds that it is in the best interests of the county or district not to charge transaction processing costs for a specific category of nontax payments received by the treasurer, the treasurer may elect, rather than being required, not to charge those transaction processing costs. If a treasurer elects not to charge transaction processing costs for a specific category of nontax payments, the county department or taxing district assessing the payment transactions may absorb any associated interest or penalties.

The terms "electronic payment," "nontax payment," and "transaction processing cost" are defined.

#### Local Governments - Duplicate Instruments.

Provisions governing the issuance of duplicate instruments by a local government are modified. When a warrant for the payment of money, a bond, or any other instrument or evidence of indebtedness issued by a local government officer or agency is lost or destroyed, a duplicate in lieu of the original may be issued. The duplicate instrument must bear the same designation as the original and must be for the same amount. The duplicate instrument is subject in all other respects to the same provisions of law as the original instrument.

Before a duplicate instrument is issued, the treasurer or other issuing officer must require the person requesting the duplicate to file a written, sworn affidavit. The affidavit must contain: the date of issue for the original instrument; the number, amount, and purpose of the original instrument; a statement that the original has been lost or destroyed, and that it has not been paid or received by the person making the affidavit.

### **Substitute Bill Compared to Original Bill:**

The substitute bill modifies the statutory procedures that govern issuance of duplicate instruments by a municipality (*i.e.*, a county, city, town, district, or other political subdivision or municipal corporation of the state) by:

- removing the statutory requirement that duplicate instruments be issued according to the same procedures, and subject to the same requirements and conditions, as duplicate state instruments under specified statutes, RCW 43.08.064 and 43.08.066;

- eliminating the requirements that duplicate instruments bear the same number or class as the original instrument, and have the word duplicate appear on the face of the new instrument; and
- eliminating an outdated reference to a statutory provision, RCW 43.08.066(2), which was stricken from statute in 1979.

The substitute bill makes other non-substantive, technical changes as well.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**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 was specifically requested by the Clark County Treasurer and is supported by the Washington State Association of County Treasurers. When handling the peoples' money, precision is a priority. This bill will update the statute to more precisely align with today's practices and technology.

This bill primarily does two things. First, it amends old statutory language that requires county treasurers to number duplicate warrants and checks with the same number as the original instrument. In today's electronic banking world, the numbers on a duplicate instrument and an original must be different in order to catch things like stop payments. Second, it allows county treasurers to not charge customers for transaction processing costs for electronic payments (*e.g.*, a 2 cent transaction cost for processing an automated clearinghousing electronic payment file for property taxes).

**Persons Testifying:** Representative Wylie, prime sponsor; and Shawn Meyers, Washington State Association of County Treasurers.

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