

SENATE BILL REPORT

SB 6169

As Reported by Senate Committee On:
Government Operations & Security, January 21, 2016

Title: An act relating to easements in property tax foreclosures.

Brief Description: Concerning easements in property tax foreclosures.

Sponsors: Senators Angel and Habib.

Brief History:

Committee Activity: Government Operations & Security: 1/19/16, 1/21/16 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Dansel, Habib, McCoy and Takko.

Staff: Karen Epps (786-7424)

Background: Property Taxes. Property tax statements are mailed by the county treasurer in February of each year. To avoid interest and penalties, at least half of the amount due must be paid by April 30 and the balance paid by October 31. If the tax is less than \$50, it must be paid in full by April 30. A person can pay property taxes in person or by mail. Some counties are now accepting electronic payments via the county treasurer website.

If the current year first-half taxes are not paid by April 30, the entire tax amount becomes delinquent. Interest and penalty amounts on delinquent first-half taxes are calculated on the entire year's tax amount. Interest is charged at 1 percent per month on the full amount due from the month of delinquency to the month of payment. A 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1, with an additional 8 percent on the unpaid amount of current taxes as of December 1. Penalties are not applied if a taxpayer is successfully participating in a payment agreement with their county treasurer.

Foreclosure. Three years from the date of property tax delinquency, the county treasurer may begin foreclosure proceedings to recover past due property taxes. Proceeds from the sale of property must first be applied to discharge liens for general taxes. However, if the county does not receive a bid that satisfies past due property taxes, penalties, and interest, the county

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acquires title to the land in trust for the taxing districts. Lands acquired by the county are called tax title lands, and no claims are allowed from taxing districts. If the property is eventually resold by the county, the proceeds from the sale are distributed to other taxing districts, including the state. Foreclosed property is subject to existing easements if the easements were recorded prior to the year for which the tax was foreclosed.

Summary of Bill: When there is a foreclosure of property for failure to pay property taxes, the foreclosed property is subject to easements that are established of record.

Appropriation: None.

Fiscal Note: Not requested.

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: This bill addresses an issue that a utility experienced when the recession hit and there were more foreclosed properties. Some of the utility easements did not stand when the property was taken back by the bank. This bill will help utilities with utility easements or even other easements on properties. A utility reached agreement with a property owner for an easement, but the timing of the agreement actually voided the easement. At the time that the property owner entered into the agreement, the property owner was already in foreclosure and the easement had not been recorded prior to the property owner's failure to pay property taxes.

Persons Testifying: PRO: Senator Angel, prime sponsor; Brian McLean, Communications Coordinator, Peninsula Light Co.

Persons Signed In To Testify But Not Testifying: No one.