

2SSB 6362 - S AMD TO S AMD (S-5200.5/18) 672
By Senator Braun

NOT ADOPTED 02/14/2018

1 On page 1, after line 2 of the amendment, insert the following:

2 "NEW SECTION. **Sec. 1.** (1) The legislature finds that major
3 education funding reform legislation (Engrossed House Bill No. 2242)
4 was enacted in 2017, along with the appropriations necessary to
5 support these funding reforms, resulting in unprecedented increases
6 to state K-12 funding allocations. The legislature further finds that
7 estimated 2019-2021 expenditures under Engrossed House Bill No. 2242
8 compared to 2011-2013 K-12 appropriations will be a 13.2 billion
9 dollar increase—an increase of 98.5 percent. The legislature further
10 finds that the court ruled in its November 15, 2017, order that it is
11 satisfied that the new salary model established by Engrossed House
12 Bill No. 2242 provides for full state funding of basic education
13 salaries sufficient to recruit and retain competent teachers,
14 administrators, and staff consistent with the standards established
15 for constitutional compliance. The legislature further finds that the
16 court took exception that the 2017-2019 budget funds only half of the
17 salary increase called for by the new model by the 2018-19 school
18 year, deferring full funding until the 2019-20 school year. The
19 legislature further finds that the 2017 legislature made decisions
20 regarding local school district levies based on expectations
21 regarding state and local funding levels as the state transitions to
22 the new funding structure. The legislature further finds that fully
23 implementing state salary allocations in the 2018-19 school year
24 substantially alters the carefully calibrated balance between state
25 and local sources of funding for school districts as the state
26 transitions to the new funding structure.

27 (2) It is the intent of the legislature to recalibrate the
28 balance of state and local funding for school districts in light of
29 the court's latest order. More specifically, it is the legislature's
30 intent, in its effort to fully comply with the court and bring final
31 closure to *McCleary v. State*, to fully implement the salary
32 allocations in Engrossed House Bill No. 2242 in school year 2018-19,

1 accelerate the implementation of certain accounting and budget
2 transparency requirements, and to reduce local school district levies
3 by an amount equal to the increased state salary allocations that
4 will be made to school districts in school year 2018-19."

5 On page 27, line 5 of the amendment, after "(4)" insert "In
6 calendar year 2019, local effort assistance distributions under this
7 section may not be reduced due to the reduction in school district
8 levy authority under RCW 84.52.0531(10).

9 (5)"

10 Renumber the remaining subsections consecutively and correct any
11 internal references accordingly.

12 On page 31, line 22 of the amendment, after "~~levies~~" strike all
13 material through "2020" on line 23 and insert "~~for collection in~~
14 ~~calendar year 2020~~) submitted to the voters in calendar year 2019"

15 On page 31, line 30 of the amendment, after "amount" strike
16 "which" and insert "~~((which))~~ that"

17 On page 32, line 8 of the amendment, after "limit" strike "shall"
18 and insert "~~((shall))~~ must"

19 On page 32, line 36 of the amendment, after "instruction" strike
20 "shall" and insert "~~((shall))~~ must"

21 On page 33, after line 9 of the amendment, insert the following:
22 "(10) For calendar year 2019, a school district's levy authority
23 must be reduced by the amount of the additional state salary
24 allocation payable to the school district as a result of section 202,
25 chapter . . . , Laws of 2018 (section 202 of this act). The reduction
26 amount under this subsection (10) must be specified on LEAP Document
27 4 provided on the web site of the legislative evaluation and
28 accountability program committee. State matching funds for local
29 effort assistance under chapter 28A.500 RCW may not be reduced due to
30 the reduction in school district levy authority under this subsection
31 (10)."

32 On page 45, after line 6 of the amendment, insert the following:

1 **"Sec. 410.** RCW 84.56.020 and 2017 c 142 s 1 are each amended to
2 read as follows:

3 (1) The county treasurer must be the receiver and collector of
4 all taxes extended upon the tax rolls of the county, whether levied
5 for state, county, school, bridge, road, municipal or other purposes,
6 and also of all fines, forfeitures or penalties received by any
7 person or officer for the use of his or her county. No treasurer may
8 accept tax payments or issue receipts for the same until the
9 treasurer has completed the tax roll for the current year's
10 collection and provided notification of the completion of the roll.
11 Notification may be accomplished electronically, by posting a notice
12 in the office, or through other written communication as determined
13 by the treasurer. All real and personal property taxes and
14 assessments made payable by the provisions of this title are due and
15 payable to the county treasurer on or before the thirtieth day of
16 April and, except as provided in this section, are delinquent after
17 that date.

18 (2) Each tax statement must include a notice that checks for
19 payment of taxes may be made payable to "Treasurer of
20 County" or other appropriate office, but tax statements may not
21 include any suggestion that checks may be made payable to the name of
22 the individual holding the office of treasurer nor any other
23 individual.

24 (3) When the total amount of tax or special assessments on
25 personal property or on any lot, block or tract of real property
26 payable by one person is fifty dollars or more, and if one-half of
27 such tax is paid on or before the thirtieth day of April, the
28 remainder of such tax, except as provided in subsection (5) of this
29 section, is due and payable on or before the following thirty-first
30 day of October and is delinquent after that date.

31 (4) When the total amount of tax or special assessments on any
32 lot, block or tract of real property or on any mobile home payable by
33 one person is fifty dollars or more, and if one-half of such tax is
34 paid after the thirtieth day of April but before the thirty-first day
35 of October, together with the applicable interest and penalty on the
36 full amount of tax payable for that year, the remainder of such tax,
37 except as provided in subsection (5) of this section, is due and
38 payable on or before the following thirty-first day of October and is
39 delinquent after that date.

1 (5)(a) For local school property taxes levied under RCW
2 84.52.0531 due and payable for collection in 2018, the remainder of
3 the tax is due and payable as follows:

4 (i) The 2018 payment percent is due and payable on or before the
5 thirty-first day of October 2018 and is delinquent after that date;

6 (ii) The 2019 payment percent is due and payable on or before the
7 thirtieth day of April 2019 and is delinquent after that date; and

8 (iii) The 2019 payment percent is due and payable on or before
9 the thirty-first day of October 2019 and is delinquent after that
10 date.

11 (b) The definitions in this subsection (5)(b) apply throughout
12 this subsection (5) unless the context clearly requires otherwise.

13 (i) "2018 payment percent" means the percentage determined by
14 multiplying the 2019 payment percent by two and subtracting the
15 result from 100 percent.

16 (ii) "2019 payment percent" means the percentage determined by
17 dividing the reduction amount for the school district as provided in
18 RCW 84.52.0531(10) by the school district's total amount of tax
19 levied under RCW 84.52.0531 for collection in 2018. If the numerator
20 is larger than the denominator, then "2019 payment percent" equals
21 fifty percent. If the denominator is zero, this subsection (5) does
22 not apply.

23 (6) Except as provided in (c) of this subsection, delinquent
24 taxes under this section are subject to interest at the rate of
25 twelve percent per annum computed on a monthly basis on the amount of
26 tax delinquent from the date of delinquency until paid. Interest must
27 be calculated at the rate in effect at the time of the tax payment,
28 regardless of when the taxes were first delinquent. In addition,
29 delinquent taxes under this section are subject to penalties as
30 follows:

31 (a) A penalty of three percent of the amount of tax delinquent is
32 assessed on the tax delinquent on June 1st of the year in which the
33 tax is due.

34 (b) An additional penalty of eight percent is assessed on the
35 delinquent tax amount on December 1st of the year in which the tax is
36 due.

37 (c) If a taxpayer is successfully participating in a payment
38 agreement under subsection (~~(12)~~) (13)(b) of this section or a
39 partial payment program pursuant to subsection (~~(13)~~) (14) of this
40 section, the county treasurer may not assess additional penalties on

1 delinquent taxes that are included within the payment agreement.
2 Interest and penalties that have been assessed prior to the payment
3 agreement remain due and payable as provided in the payment
4 agreement.

5 ~~((+6))~~ (7)(a) When real property taxes become delinquent and
6 prior to the filing of the certificate of delinquency, the treasurer
7 is authorized to assess and collect tax foreclosure avoidance costs.

8 (b) For the purposes of this section, "tax foreclosure avoidance
9 costs" means those direct costs associated with the administration of
10 properties subject to and prior to foreclosure. Tax foreclosure
11 avoidance costs include:

12 (i) Compensation of employees for the time devoted to
13 administering the avoidance of property foreclosure; and

14 (ii) The cost of materials, services, or equipment acquired,
15 consumed, or expended in administering tax foreclosure avoidance
16 prior to the filing of a certificate of delinquency.

17 (c) When tax foreclosure avoidance costs are collected, such
18 costs must be credited to the county treasurer service fund account,
19 except as otherwise directed.

20 (d) For purposes of chapter 84.64 RCW, any taxes, interest, or
21 penalties deemed delinquent under this section remain delinquent
22 until such time as all taxes, interest, and penalties for the tax
23 year in which the taxes were first due and payable have been paid in
24 full.

25 ~~((+7))~~ (8) Subsection ~~((+5))~~ (6) of this section
26 notwithstanding, no interest or penalties may be assessed during any
27 period of armed conflict regarding delinquent taxes imposed on the
28 personal residences owned by active duty military personnel who are
29 participating as part of one of the branches of the military involved
30 in the conflict and assigned to a duty station outside the
31 territorial boundaries of the United States.

32 ~~((+8))~~ (9) During a state of emergency declared under RCW
33 43.06.010(12), the county treasurer, on his or her own motion or at
34 the request of any taxpayer affected by the emergency, may grant
35 extensions of the due date of any taxes payable under this section as
36 the treasurer deems proper.

37 ~~((+9))~~ (10) All collections of interest on delinquent taxes must
38 be credited to the county current expense fund.

39 ~~((+10))~~ (11) For purposes of this chapter, "interest" means both
40 interest and penalties unless the context clearly requires otherwise.

1 (~~(11)~~) (12) The direct cost of foreclosure and sale of real
2 property, and the direct fees and costs of distraint and sale of
3 personal property, for delinquent taxes, must, when collected, be
4 credited to the operation and maintenance fund of the county
5 treasurer prosecuting the foreclosure or distraint or sale; and must
6 be used by the county treasurer as a revolving fund to defray the
7 cost of further foreclosure, distraint, and sale because of
8 delinquent taxes without regard to budget limitations and not subject
9 to indirect costs of other charges.

10 (~~(12)~~) (13)(a) For purposes of this chapter, and in accordance
11 with this section and RCW 36.29.190, the treasurer may collect taxes,
12 assessments, fees, rates, interest, and charges by electronic billing
13 and payment. Electronic billing and payment may be used as an option
14 by the taxpayer, but the treasurer may not require the use of
15 electronic billing and payment. Electronic bill presentment and
16 payment may be on a monthly or other periodic basis as the treasurer
17 deems proper for delinquent tax year payments only or for prepayments
18 of current tax. All prepayments must be paid in full by the due date
19 specified in (c) of this subsection. Payments on past due taxes must
20 include collection of the oldest delinquent year, which includes
21 interest and taxes within a twelve-month period, prior to filing a
22 certificate of delinquency under chapter 84.64 RCW or distraint
23 pursuant to RCW 84.56.070.

24 (b) The treasurer may provide, by electronic means or otherwise,
25 a payment agreement that provides for payment of current year taxes,
26 inclusive of prepayment collection charges. The treasurer may
27 provide, by electronic means or otherwise, a payment agreement for
28 payment of past due delinquencies, which must also require current
29 year taxes to be paid timely. The payment agreement must be signed by
30 the taxpayer and treasurer prior to the sending of an electronic or
31 alternative bill, which includes a payment plan for current year
32 taxes. The treasurer may accept partial payment of current and
33 delinquent taxes including interest and penalties using electronic
34 bill presentment and payments.

35 (c) All taxes upon real and personal property made payable by the
36 provisions of this title are due and payable to the treasurer on or
37 before the thirtieth day of April and, except as otherwise provided
38 in this section, are delinquent after that date. (~~The~~) Except as
39 provided in subsection (5) of this section, any remainder of the tax
40 is due and payable on or before the following thirty-first of October

1 and is delinquent after that date. All other assessments, fees,
2 rates, and charges are delinquent after the due date.

3 (d) A county treasurer may authorize payment of past due property
4 taxes, penalties, and interest under this chapter by electronic funds
5 transfers on a monthly basis. Delinquent taxes are subject to
6 interest and penalties, as provided in subsection ~~((+5))~~ (6) of this
7 section.

8 (e) The treasurer must pay any collection costs, investment
9 earnings, or both on past due payments or prepayments to the credit
10 of a county treasurer service fund account to be created and used
11 only for the payment of expenses incurred by the treasurer, without
12 limitation, in administering the system for collecting prepayments.

13 ~~((+13))~~ (14) In addition to the payment program in subsection
14 ~~((+12))~~ (13)(b) of this section, the treasurer may accept partial
15 payment of current and delinquent taxes including interest and
16 penalties by any means authorized.

17 ~~((+14) For purposes of this section unless the context clearly
18 requires otherwise, the following definitions apply:)~~ (15) The
19 definitions in this subsection apply throughout this section unless
20 the context clearly requires otherwise.

21 (a) "Electronic billing and payment" means statements, invoices,
22 or bills that are created, delivered, and paid using the internet.
23 The term includes an automatic electronic payment from a person's
24 checking account, debit account, or credit card.

25 (b) "Internet" has the same meaning as provided in RCW
26 19.270.010.

27 (c) "Remainder of the tax" means the remaining tax due after at
28 least one-half of the tax due for the year is paid by April 30th of
29 the year in which the taxes are due, or after at least one-half of
30 the tax due for the year plus applicable penalties and interest is
31 paid after April 30th but before October 31st of the year in which
32 the tax is due.

33 **Sec. 411.** RCW 36.35.110 and 2013 c 221 s 2 are each amended to
34 read as follows:

35 (1) No claims are allowed against the county from any
36 municipality, school district, road district or other taxing district
37 for taxes levied on property acquired by the county by tax deed under
38 the provisions of this chapter, but all taxes must at the time of
39 deeding the property be thereby canceled. However, the proceeds of

1 any sale of any property acquired by the county by tax deed must
2 first be applied to reimburse the county for the costs of foreclosure
3 and sale. The remainder of the proceeds, if any, must be applied to
4 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the
5 property, including accrued interest, and outstanding at the time the
6 county acquired the property by tax deed. The remainder of the
7 proceeds, if any, must be justly apportioned to the various funds
8 existing at the date of the sale, in the territory in which such
9 property is located, according to the tax levies of the year last in
10 process of collection.

11 (2) For purposes of this section, "costs of foreclosure and sale"
12 means those costs of foreclosing on the property that, when
13 collected, are subject to RCW 84.56.020(~~((9))~~) (12), and the direct
14 costs incurred by the county in selling the property.

15 NEW SECTION. **Sec. 412.** The office of the superintendent of
16 public instruction may waive the requirements to implement the
17 changes in sections 302 and 408 of this act by the 2018-19 school
18 year if the school district can reasonably show undue hardship."

19 Renumber the remaining sections consecutively and correct any
20 internal references accordingly.

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By Senator Braun

NOT ADOPTED 02/14/2018

21 On page 46, line 1 of the title amendment, after "28A.505.140,"
22 strike "and 28A.510.250" and insert "28A.510.250, 84.56.020, and
23 36.35.110"

EFFECT: Reduces October 2018 school district enrichment levy
collections by the amount of the increased 2018-19 school year salary
allocations necessary to comply with state supreme court's most
recent order. Requires school districts to implement a year early
various budget accountability and transparency provisions required
under the omnibus K-12 finance legislation passed in 2017. Specifies
that state levy equalization distributions will not be impacted by

the reduction in local school levies. Includes additional intent language.

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