

Local Government Committee

HB 2526

**Brief Description:** Protecting taxpayers from home foreclosure.

**Sponsors:** Representatives Volz, Riccelli, Graham, Ormsby, Vick, Hoff, Barkis, Caldier, Shewmake, Griffey, Jenkin, Leavitt, Dolan, Paul, Valdez, Ybarra, Chambers, Doglio, Dufault and Lekanoff.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"> <li>• Eliminates penalties on delinquent property taxes.</li> </ul>
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**Hearing Date:** 1/28/20

**Staff:** Kellen Wright (786-7134).

**Background:**

All real and personal property is subject to property tax, unless the law provides a specific exemption. The tax rolls are established by each county treasurer and certified by each county assessor. Each county treasurer collects all property taxes within the county. If a total yearly tax assessment payable by one person on personal property or on any lot, block or tract of real property is under \$50, the total tax payment is due on April 30 of that year. When a total yearly tax assessment payable by one person on personal property or on any lot, block or tract of real property is \$50 or more, at least half of the total tax must be paid by April 30. Any remainder is due by October 31. If the initial payment is missed, but at least half of the payment including applicable interest and penalties is paid prior to October 31, then the balance is due on October 31.

If a payment deadline is missed, then the taxes become delinquent. The county treasurer must provide notice to each taxpayer whose taxes have become delinquent. This notice must specify how the taxpayer can obtain information on taxes or special assessments currently due or delinquent, how the taxpayer can make a payment directly, and provide contact information for the statewide foreclosure hotline. If taxes have been delinquent for two years, the county

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treasurer must provide the name and address of the taxpayer to a homeownership resource center or other entity recommended by the Washington State House Finance Commission.

Delinquent taxes are generally subject to a 12% interest rate. A penalty of 3% of the delinquent amount is imposed on June 1 of the year that the tax is due. An additional penalty of 8% is imposed on any taxes that are delinquent on December 1 of the year that the taxes are due. If a taxpayer is successfully participating in a payment agreement program, then the county treasurer may not assess penalties on the delinquent taxes that are included within the agreement.

If taxes have been delinquent for three years, the county treasurer must issue a certificate of delinquency, which begins the foreclosure process. Prior to the filing of a certificate of delinquency, a county treasurer may assess and collect tax foreclosure avoidance costs associated with administering the property subject to and prior to foreclosure.

**Summary of Bill:**

No additional penalties are imposed on delinquent taxes. Any penalties previously assessed remain due and payable if provided for in a payment agreement.

**Appropriation:** None.

**Fiscal Note:** Requested on January 20, 2020.

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