

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1105**

66th Legislature  
2019 Regular Session

Passed by the House April 18, 2019  
Yea 57 Nays 38

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1105** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Speaker of the House of Representatives**

Passed by the Senate April 11, 2019  
Yea 44 Nays 3

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**Chief Clerk**

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**President of the Senate**

Approved

FILED

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1105**

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AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Orwall, Ryu, Wylie, Pollet, Stanford, and Frame)

READ FIRST TIME 02/22/19.

1       AN ACT Relating to protecting taxpayers from home foreclosure;  
2 amending RCW 84.56.020, 84.64.225, 36.35.110, and 84.64.050; adding a  
3 new section to chapter 84.56 RCW; adding a new section to chapter  
4 36.29 RCW; adding a new section to chapter 36.21 RCW; and providing  
5 an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7       **Sec. 1.** RCW 84.56.020 and 2017 c 142 s 1 are each amended to  
8 read as follows:

9       **Treasurers' tax collection duties.**

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

payable to the county treasurer on or before the thirtieth day of April and, except as provided in this section, are delinquent after that date.

**Tax statements.**

(2) (a) Tax statements for the current year's collection must be distributed to each taxpayer on or before March 15th provided that:

(i) All city and other taxing district budgets have been submitted to county legislative authorities by November 30th per RCW 84.52.020;

(ii) The county legislative authority in turn has certified taxes levied to the county assessor by November 30th per RCW 84.52.070; and

(iii) The county assessor has delivered the tax roll to the county treasurer by January 15th per RCW 84.52.080.

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

(c) Each tax statement distributed to an address must include a notice with information describing the:

(i) Property tax exemption program pursuant to RCW 84.36.379 through 84.36.389; and

(ii) Property tax deferral program pursuant to chapter 84.38 RCW.

**Tax payment due dates.**

**On-time tax payments: First-half taxes paid by April 30th and second-half taxes paid by October 31st.**

(3) When the total amount of tax or special assessments on personal property or on any lot, block or tract of real property payable by one person is fifty dollars or more, and if one-half of such tax is paid on or before the thirtieth day of April, the remainder of such tax is due and payable on or before the following thirty-first day of October and is delinquent after that date.

**Delinquent tax payments for current year: First-half taxes paid after April 30th.**

(4) When the total amount of tax or special assessments on any lot, block or tract of real property or on any mobile home payable by one person is fifty dollars or more, and if one-half of such tax is paid after the thirtieth day of April but before the thirty-first day of October, together with the applicable interest and penalty on the

1 full amount of tax payable for that year, the remainder of such tax  
2 is due and payable on or before the following thirty-first day of  
3 October and is delinquent after that date.

4       **Delinquent tax payments: Interest, penalties, and treasurer**  
5 **duties.**

6       (5) Except as provided in (c) of this subsection, delinquent  
7 taxes under this section are subject to interest at the rate of  
8 twelve percent per annum computed on a monthly basis on the amount of  
9 tax delinquent from the date of delinquency until paid. Interest must  
10 be calculated at the rate in effect at the time of the tax payment,  
11 regardless of when the taxes were first delinquent. In addition,  
12 delinquent taxes under this section are subject to penalties as  
13 follows:

14       (a) A penalty of three percent of the amount of tax delinquent is  
15 assessed on the tax delinquent on June 1st of the year in which the  
16 tax is due.

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

20       (c) If a taxpayer is successfully participating in a payment  
21 agreement under subsection ((12)) (15)(b) of this section or a  
22 partial payment program pursuant to subsection ((13)) (15)(c) of  
23 this section, the county treasurer may not assess additional  
24 penalties on delinquent taxes that are included within the payment  
25 agreement. Interest and penalties that have been assessed prior to  
26 the payment agreement remain due and payable as provided in the  
27 payment agreement.

28       (6) A county treasurer must provide notification to each taxpayer  
29 whose taxes have become delinquent under subsections (4) and (5) of  
30 this section. The delinquency notice must specify where the taxpayer  
31 can obtain information regarding:

32       (a) Any current tax or special assessments due as of the date of  
33 the notice;

34       (b) Any delinquent tax or special assessments due, including any  
35 penalties and interest, as of the date of the notice; and

36       (c) Where the taxpayer can pay his or her property taxes directly  
37 and contact information, including but not limited to the phone  
38 number, for the statewide foreclosure hotline recommended by the  
39 Washington state housing finance commission.

1       (7) Within ninety days after the expiration of two years from the  
2 date of delinquency (when a taxpayer's taxes have become delinquent),  
3 the county treasurer must provide the name and property address of  
4 the delinquent taxpayer to a homeownership resource center or any  
5 other designated local or state entity recommended by the Washington  
6 state housing finance commission.

7       **Collection of foreclosure costs.**

8       (8)(a) When real property taxes become delinquent and prior to  
9 the filing of the certificate of delinquency, the treasurer is  
10 authorized to assess and collect tax foreclosure avoidance costs.

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

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

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

20       ((e))) When tax foreclosure avoidance costs are collected, such  
21 costs must be credited to the county treasurer service fund account,  
22 except as otherwise directed.

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

28       ((7))) **Periods of armed conflict.**

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

36       ((8))) **State of emergency.**

37       (10) During a state of emergency declared under RCW  
38 43.06.010(12), the county treasurer, on his or her own motion or at  
39 the request of any taxpayer affected by the emergency, may grant

1 extensions of the due date of any taxes payable under this section as  
2 the treasurer deems proper.

3 ((+9)) **Retention of funds from interest.**

4       (11) All collections of interest on delinquent taxes must be  
5 credited to the county current expense fund.

6       ((+10)) (12) For purposes of this chapter, "interest" means both  
7 interest and penalties.

8 ((+11)) **Retention of funds from property foreclosures and sales.**

9       (13) The direct cost of foreclosure and sale of real property,  
10 and the direct fees and costs of distraint and sale of personal  
11 property, for delinquent taxes, must, when collected, be credited to  
12 the operation and maintenance fund of the county treasurer  
13 prosecuting the foreclosure or distraint or sale; and must be used by  
14 the county treasurer as a revolving fund to defray the cost of  
15 further foreclosure, distraint, and sale because of delinquent taxes  
16 without regard to budget limitations and not subject to indirect  
17 costs of other charges.

18 ((+12)(a))) **Tax due dates and options for tax payment**  
**collections.**

20       **Electronic billings and payments.**

21       (14) For purposes of this chapter, and in accordance with this  
22 section and RCW 36.29.190, the treasurer may collect taxes,  
23 assessments, fees, rates, interest, and charges by electronic billing  
24 and payment. Electronic billing and payment may be used as an option  
25 by the taxpayer, but the treasurer may not require the use of  
26 electronic billing and payment. Electronic bill presentment and  
27 payment may be on a monthly or other periodic basis as the treasurer  
28 deems proper for:

- 29       (a) Delinquent tax year payments ((only or for)); and  
30       (b) Prepayments of current tax.

31       **Tax payments.**

32       **Prepayment for current taxes.**

33       (15) (a) The treasurer may accept prepayments for current year  
34 taxes by any means authorized. All prepayments must be paid in full  
35 by the due date specified in ((c) of this) subsection (16) of this  
36 section. ((Payments on past due taxes must include collection of the  
37 oldest delinquent year, which includes interest and taxes within a  
38 twelve-month period, prior to filing a certificate of delinquency  
39 under chapter 84.64 RCW or distraint pursuant to RCW 84.56.070.))

40       **Payment agreements for current year taxes.**

1       (b) (i) The treasurer may provide, by electronic means or  
2 otherwise, a payment agreement that provides for payment of current  
3 year taxes, inclusive of prepayment collection charges. The payment  
4 agreement must be signed by the taxpayer and treasurer or the  
5 treasurer's deputy prior to the sending of an electronic or  
6 alternative bill, which includes a payment plan for current year  
7 taxes.

8       **Payment agreements for delinquent year taxes.**

9       (ii) (A) The treasurer may provide, by electronic means or  
10 otherwise, a payment agreement for payment of past due  
11 delinquencies ((, which must also require current year taxes to be  
12 paid timely)). The payment agreement must be signed by the taxpayer  
13 and treasurer or the treasurer's deputy prior to the sending of an  
14 electronic or alternative bill, which includes a payment plan for  
15 ((current year taxes. The treasurer may accept partial payment of  
16 current and delinquent taxes including interest and penalties using  
17 electronic bill presentment and payments.

18       (e)) past due delinquent taxes and charges.

19       (B) Tax payments received by a treasurer for delinquent year  
20 taxes from a taxpayer participating on a payment agreement must be  
21 applied first to the oldest delinquent year unless such taxpayer  
22 requests otherwise.

23       **Partial payments: Acceptance of partial payments for current and**  
24 **delinquent taxes.**

25       (c) (i) In addition to the payment agreement program in (b) of  
26 this subsection, the treasurer may accept partial payment of any  
27 current and delinquent taxes including interest and penalties by any  
28 means authorized including electronic bill presentment and payments.

29       (ii) All tax payments received by a treasurer for delinquent year  
30 taxes from a taxpayer paying a partial payment must be applied first  
31 to the oldest delinquent year unless such taxpayer requests  
32 otherwise.

33       **Payment for delinquent taxes.**

34       (d) Payments on past due taxes must include collection of the  
35 oldest delinquent year, which includes interest, penalties, and taxes  
36 within an eighteen-month period, prior to filing a certificate of  
37 delinquency under chapter 84.64 RCW or distressment pursuant to RCW  
38 84.56.070.

39       **Due date for tax payments.**

1       (16) All taxes upon real and personal property made payable by  
2 the provisions of this title are due and payable to the treasurer on  
3 or before the thirtieth day of April and are delinquent after that  
4 date. The remainder of the tax is due and payable on or before the  
5 following thirty-first of October and is delinquent after that date.  
6 All other assessments, fees, rates, and charges are delinquent after  
7 the due date.

8       ((d)) **Electronic funds transfers.**

9       (17) A county treasurer may authorize payment of:

10      (a) Any current property taxes due under this chapter by  
11 electronic funds transfers on a monthly or other periodic basis; and

12      (b) Any past due property taxes, penalties, and interest under  
13 this chapter by electronic funds transfers on a monthly or other  
14 periodic basis. Delinquent taxes are subject to interest and  
15 penalties, as provided in subsection (5) of this section. All tax  
16 payments received by a treasurer from a taxpayer paying delinquent  
17 year taxes must be applied first to the oldest delinquent year unless  
18 such taxpayer requests otherwise.

19       ((e)) **Payment for administering prepayment collections.**

20      (18) The treasurer must pay any collection costs, investment  
21 earnings, or both on past due payments or prepayments to the credit  
22 of a county treasurer service fund account to be created and used  
23 only for the payment of expenses incurred by the treasurer, without  
24 limitation, in administering the system for collecting prepayments.

25       ((13) In addition to the payment program in subsection (12)(b)  
26 of this section, the treasurer may accept partial payment of current  
27 and delinquent taxes including interest and penalties by any means  
28 authorized.

29       (14) For purposes of this section unless the context clearly  
30 requires otherwise, the following definitions apply:))

31       **Waiver of interest and penalties for qualified taxpayers subject**  
**to foreclosure.**

32       (19) No earlier than sixty days prior to the date that is three  
33 years after the date of delinquency, the treasurer must waive all  
34 outstanding interest and penalties on delinquent taxes due from a  
35 taxpayer if the property is subject to an action for foreclosure  
36 under chapter 84.64 RCW and the following requirements are met:

37       (a) The taxpayer is income-qualified under RCW 84.36.381(5)(a),  
38 as verified by the county assessor;

(b) The taxpayer occupies the property as their principal place of residence; and

(c) The taxpayer has not previously received a waiver on the property as provided under this subsection.

## Definitions.

(20) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

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

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

(c) "Tax foreclosure avoidance costs" means those direct costs associated with the administration of properties subject to and prior to foreclosure. Tax foreclosure avoidance costs include:

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

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

**Sec. 2.** RCW 84.64.225 and 2015 c 95 s 11 are each amended to read as follows:

(1) In lieu of the sale procedure specified in RCW 84.56.070 or 84.64.080, the county treasurer may conduct a public auction sale by electronic media as provided in RCW 36.16.145.

(2) Notice of a public auction sale by electronic media must be substantially in the following form:

TAX JUDGMENT SALE BY ELECTRONIC MEDIA

Public notice is hereby given that pursuant to a tax judgment of the superior court of the county of . . . . . in the state of Washington, and an order of sale duly issued by the court, entered the . . . day of . . . . ., . . . . ., in proceedings for foreclosure of tax liens, I shall on the . . . . day of . . . . ., . . . . ., commencing at . . . o'clock . . ., at . . [specify web site address] . . . . ., sell the property to the highest and best bidder to satisfy the full amount of taxes, interest, and costs adjudged to be due. Prospective bidders must

1 deposit . . . . to participate in bidding. A deposit paid by a  
2 winning bidder will be applied to the balance due. However, a winning  
3 bidder who does not comply with the terms of sale will forfeit the  
4 deposit. Deposits paid by nonwinning bidders will be refunded within  
5 ten business days of the close of the sale. Payment of deposits and a  
6 winning bid must be made by electronic funds transfer. In the case of  
7 an online public auction sale by electronic media as provided in RCW  
8 36.16.145, a winning bidder is allowed no less than forty-eight hours  
9 to pay the winning bid by electronic funds transfer.

10 In witness whereof, I have affixed my hand and seal this . . . .  
11 day of . . . . , . . . . .

12 Treasurer of . . . . county.

13 **Sec. 3.** RCW 36.35.110 and 2013 c 221 s 2 are each amended to  
14 read as follows:

15 (1) No claims are allowed against the county from any  
16 municipality, school district, road district or other taxing district  
17 for taxes levied on property acquired by the county by tax deed under  
18 the provisions of this chapter, but all taxes must at the time of  
19 deeding the property be thereby canceled. However, the proceeds of  
20 any sale of any property acquired by the county by tax deed must  
21 first be applied to reimburse the county for the costs of foreclosure  
22 and sale. The remainder of the proceeds, if any, must be applied to  
23 pay any amounts deferred under chapter 84.37 or 84.38 RCW on the  
24 property, including accrued interest, and outstanding at the time the  
25 county acquired the property by tax deed. The remainder of the  
26 proceeds, if any, must be justly apportioned to the various funds  
27 existing at the date of the sale, in the territory in which such  
28 property is located, according to the tax levies of the year last in  
29 process of collection.

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

34 **Sec. 4.** RCW 84.64.050 and 2013 c 221 s 12 are each amended to  
35 read as follows:

36 (1) Except as provided in subsection (7) of this section, after  
37 the expiration of three years from the date of delinquency, when any  
38 property remains on the tax rolls for which no certificate of

1 delinquency has been issued, the county treasurer must proceed to  
2 issue certificates of delinquency on the property to the county for  
3 all years' taxes, interest, and costs. However, the county treasurer,  
4 with the consent of the county legislative authority, may elect to  
5 issue a certificate for fewer than all years' taxes, interest, and  
6 costs to a minimum of the taxes, interest, and costs for the earliest  
7 year.

8 (2) Certificates of delinquency are *prima facie* evidence that:

9 (a) The property described was subject to taxation at the time  
10 the same was assessed;

11 (b) The property was assessed as required by law;

12 (c) The taxes or assessments were not paid at any time before the  
13 issuance of the certificate;

14 (d) Such certificate has the same force and effect as a lis  
15 pendens required under chapter 4.28 RCW.

16 (3) The county treasurer may include in the certificate of  
17 delinquency any assessments which are due on the property and are the  
18 responsibility of the county treasurer to collect. However, if the  
19 department of revenue has previously notified the county treasurer in  
20 writing that the property has a lien on it for deferred property  
21 taxes, the county treasurer must include in the certificate of  
22 delinquency any amounts deferred under chapters 84.37 and 84.38 RCW  
23 that remain unpaid, including accrued interest and costs.

24 (4) The treasurer must file the certificates when completed with  
25 the clerk of the court at no cost to the treasurer, and the treasurer  
26 must thereupon, with legal assistance from the county prosecuting  
27 attorney, proceed to foreclose in the name of the county, the tax  
28 liens embraced in such certificates. Notice and summons must be  
29 served or notice given in a manner reasonably calculated to inform  
30 the owner or owners, and any person having a recorded interest in or  
31 lien of record upon the property, of the foreclosure action to appear  
32 within thirty days after service of such notice and defend such  
33 action or pay the amount due. Either (a) personal service upon the  
34 owner or owners and any person having a recorded interest in or lien  
35 of record upon the property, or (b) publication once in a newspaper  
36 of general circulation, which is circulated in the area of the  
37 property and mailing of notice by certified mail to the owner or  
38 owners and any person having a recorded interest in or lien of record  
39 upon the property, or, if a mailing address is unavailable, personal  
40 service upon the occupant of the property, if any, is sufficient. If

such notice is returned as unclaimed, the treasurer must send notice by regular first-class mail. The notice must include the legal description on the tax rolls, the year or years for which assessed, the amount of tax and interest due, and the name of owner, or reputed owner, if known, and the notice must include the local street address, if any, for informational purposes only. The certificates of delinquency issued to the county may be issued in one general certificate in book form including all property, and the proceedings to foreclose the liens against the property may be brought in one action and all persons interested in any of the property involved in the proceedings may be made codefendants in the action, and if unknown may be therein named as unknown owners, and the publication of such notice is sufficient service thereof on all persons interested in the property described therein, except as provided above. The person or persons whose name or names appear on the treasurer's rolls as the owner or owners of the property must be considered and treated as the owner or owners of the property for the purpose of this section, and if upon the treasurer's rolls it appears that the owner or owners of the property are unknown, then the property must be proceeded against, as belonging to an unknown owner or owners, as the case may be, and all persons owning or claiming to own, or having or claiming to have an interest therein, are hereby required to take notice of the proceedings and of any and all steps thereunder. However, prior to the sale of the property, the treasurer must order or conduct a title search of the property to be sold to determine the legal description of the property to be sold and the record title holder, and if the record title holder or holders differ from the person or persons whose name or names appear on the treasurer's rolls as the owner or owners, the record title holder or holders must be considered and treated as the owner or owners of the property for the purpose of this section, and are entitled to the notice provided for in this section. Such title search must be included in the costs of foreclosure.

(5) If the title search required by subsection (4) of this section reveals a lien in favor of the state for deferred taxes on the property under RCW 84.37.070 or 84.38.100 and such deferred taxes are not already included in the certificate of delinquency, the county treasurer must issue an amended certificate of delinquency on the property to include the outstanding amount of deferred taxes, including accrued interest. The amended certificate of delinquency

1 must be filed with the clerk of the court as provided in subsection  
2 (4) of this section.

3 (6) The county treasurer may not sell property that is eligible  
4 for deferral of taxes under chapter 84.38 RCW but must require the  
5 owner of the property to file a declaration to defer taxes under  
6 chapter 84.38 RCW.

7 (7) Except those parcels where the local governing entity has  
8 declared and/or certified the parcel a nuisance affecting public  
9 peace, safety, and welfare, or other similar code provision, in no  
10 case may a certificate of delinquency be filed on property where the  
11 tax delinquency under chapter 84.56 RCW is one hundred dollars or  
12 less in total excluding interest and penalties.

13       **NEW SECTION.**   **Sec. 5.**   A new section is added to chapter 84.56  
14 RCW to read as follows:

15       (1) If a taxpayer requests assistance for payment of current year  
16 or delinquent taxes, the county assessor, if applicable:

17           (a) May assist the taxpayer in applying for a property tax  
18 exemption program under RCW 84.36.379 through 84.36.389;

19           (b) May assist the taxpayer in applying for the property tax  
20 deferral program under chapter 84.38 RCW; and

21           (c) Must refer the taxpayer to the statewide foreclosure hotline  
22 recommended by the Washington state housing finance commission.

23       (2) A county treasurer may also refer a taxpayer requesting tax  
24 payment assistance to the county assessor's office under subsection  
25 (1) of this section.

26       **NEW SECTION.**   **Sec. 6.**   A new section is added to chapter 36.29  
27 RCW to read as follows:

28           (1) The county treasurer must post a notice describing the:

29           (a) Property tax exemption program pursuant to RCW 84.36.379  
30 through 84.36.389; and

31           (b) Property tax deferral program pursuant to chapter 84.38 RCW.

32           (2) The notice required under subsection (1) of this section must  
33 be posted in a location visible to the public.

34       **NEW SECTION.**   **Sec. 7.**   A new section is added to chapter 36.21  
35 RCW to read as follows:

36           (1) The county assessor must post a notice describing the:

1       (a) Property tax exemption program pursuant to RCW 84.36.379  
2 through 84.36.389; and

3       (b) Property tax deferral program pursuant to chapter 84.38 RCW.

4       (2) The notice required under subsection (1) of this section must  
5 be posted in a location visible to the public.

6       NEW SECTION. **Sec. 8.** This act takes effect January 1, 2020.

---- END ----