
Finance Committee

HB 1332

Brief Description: Concerning property tax deferral during the COVID-19 pandemic.

Sponsors: Representatives Sullivan, Ramel, Leavitt, Dufault, Hackney, Wylie, Santos, Ortiz-Self, Ormsby, Rule, Stokesbary, Callan, Pollet and Macri.

Brief Summary of Bill

- Suspends interest and penalties on property tax payments during the Coronavirus Disease 2019 (COVID-19) state of emergency and for 12 months thereafter.
- Directs that county treasurers grant a deferral of property tax payments due in April 2021.
- Establishes the COVID-19 Property Tax Deferral Loan Account.
- Allows cities and counties to apply for loans from the COVID-19 Property Tax Deferral Loan Account.

Hearing Date: 1/26/21

Staff: Rachelle Harris (786-7137).

Background:

Property Tax Statements and Payment Due Dates.

All real and personal property in Washington is subject to property tax, unless the law provides a specific exemption. All taxes due on real and personal property are due and payable to the county treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30 and the balance is due by October 31. If the tax is less than \$50, the entire payment must be paid in full by April 30. Delinquent tax payments are subject to interest and penalties.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Tax Delinquencies.

Delinquent tax payments are subject to interest and penalties. Interest is charged at a rate of 1 percent per month on the full amount due from the month of delinquency until the delinquency is paid in full. In addition, a 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1 with an additional 8 percent penalty imposed on the unpaid amount of current taxes as of December 1.

Payment Options.

A county treasurer may accept prepayments for current year taxes provided the payments are paid in full by the statutory tax payment due dates. A treasurer may also provide a payment agreement to a taxpayer for payment of any current or delinquent taxes owed.

Summary of Bill:

Interest and penalties on delinquent property taxes are suspended during the Coronavirus Disease 2019 (COVID-19) state of emergency and for 12 months thereafter.

During the COVID-19 state of emergency, county treasurers must grant extensions of the due date for any property taxes payable in April 2021 for any real property used for business purposes for which the owner demonstrates a loss of at least 20 percent of revenue for 2020 compared to 2019. This shall be demonstrated via an application provided by the Department of Revenue. If the application is approved, the county treasurer shall defer property taxes due in April of 2021 to become due and payable before October 31st, 2021.

The non-appropriated COVID-19 property tax deferral loan account is created in the custody of the state treasurer. A city or county may apply to the state treasurer for an interest-free loan from the COVID-19 property tax deferral loan account. The amount of the loan may not exceed the city's or county's revenue delay as a result of property tax payment deferrals during the COVID-19 state of emergency. Interest-free loans may be made from the account until June 30, 2021.

Loans must be repaid within one calendar year. Moneys loaned from the account must be used exclusively for authorized local government uses. At the end of fiscal year 2022, the state treasurer must transfer the balance of the account to the state general fund. The state treasurer must also transfer to the state general fund any loan repayments received after that date.

Appropriation: None.

Fiscal Note: Requested on January 19, 2021.

Effective Date: The bill contains an emergency clause and takes effect immediately.