

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1410

Chapter 257, Laws of 2021

67th Legislature
2021 Regular Session

DELINQUENT PROPERTY TAXES—RESIDENTIAL PARCELS

EFFECTIVE DATE: January 1, 2022

Passed by the House April 22, 2021
Yeas 97 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate April 5, 2021
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved May 12, 2021 2:38 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1410** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 12, 2021

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1410

AS AMENDED BY THE SENATE

Passed Legislature - 2021 Regular Session

State of Washington

67th Legislature

2021 Regular Session

By House Finance (originally sponsored by Representatives Volz, Valdez, Ybarra, Stokesbary, Chase, Dufault, Leavitt, Vick, Dolan, Sutherland, Walen, Chambers, Walsh, Robertson, Caldier, Griffey, Riccelli, Jacobsen, Fitzgibbon, Ormsby, and Harris-Talley)

READ FIRST TIME 02/22/21.

1 AN ACT Relating to protecting taxpayers from home foreclosure;
2 amending RCW 84.56.020; and providing an effective date.

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

4 **Sec. 1.** RCW 84.56.020 and 2019 c 332 s 1 are each amended to
5 read as follows:

6 **Treasurers' tax collection duties.**

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

1 **Tax statements.**

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

4 (i) All city and other taxing district budgets have been
5 submitted to county legislative authorities by November 30th per RCW
6 84.52.020;

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

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

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

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

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

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

22 **Tax payment due dates.**

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

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

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

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

1 **Delinquent tax payments: Interest, penalties, and treasurer**
2 **duties.**

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

10 (i) Until December 31, 2022, the interest rate is 12 percent per
11 annum for all nonresidential real property and residential real
12 property.

13 (ii) Beginning January 1, 2023, interest rates are as follows:

14 (A) Twelve percent per annum for all nonresidential real property
15 and for residential real property with greater than four units per
16 taxable parcel; or

17 (B) Nine percent per annum for all residential real property with
18 four or fewer units per taxable parcel, including manufactured/mobile
19 homes as defined in RCW 59.20.030.

20 (b) (i) Penalties on delinquent taxes under this section may not
21 be assessed beginning the effective date of this section and through
22 December 31, 2022.

23 (ii) Beginning January 1, 2023, delinquent taxes under this
24 section are subject to penalties for nonresidential real property and
25 for residential real property with greater than four units per
26 taxable parcel as follows:

27 ~~((a))~~ (A) A penalty of three percent of the amount of tax
28 delinquent is assessed on the tax delinquent on June 1st of the year
29 in which the tax is due.

30 ~~((b))~~ (B) An additional penalty of eight percent is assessed on
31 the delinquent tax amount on December 1st of the year in which the
32 tax is due.

33 (iii) Penalties may not be assessed on residential real property
34 with four or fewer units per taxable parcel, including manufactured/
35 mobile homes as defined in RCW 59.20.030.

36 (c) (i) If a taxpayer is successfully participating in a payment
37 agreement under subsection (15) (b) of this section or a partial
38 payment program pursuant to subsection (15) (c) of this section, the
39 county treasurer may not assess additional penalties on delinquent
40 taxes that are included within the payment agreement. Interest and

1 penalties that have been assessed prior to the payment agreement
2 remain due and payable as provided in the payment agreement.

3 (ii) The following remain due and payable as provided in any
4 payment agreement:

5 (A) Interest that has been assessed prior to the payment
6 agreement; and

7 (B) Penalties assessed prior to the effective date of this
8 section that have been assessed prior to the payment agreement.

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

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

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

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

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

27 **Collection of foreclosure costs.**

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

31 (b) When tax foreclosure avoidance costs are collected, such
32 costs must be credited to the county treasurer service fund account,
33 except as otherwise directed.

34 (c) For purposes of chapter 84.64 RCW, any taxes, interest, or
35 penalties deemed delinquent under this section remain delinquent
36 until such time as all taxes, interest, and penalties for the tax
37 year in which the taxes were first due and payable have been paid in
38 full.

39 **Periods of armed conflict.**

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

8 **State of emergency.**

9 (10) During a state of emergency declared under RCW
10 43.06.010(12), the county treasurer, on his or her own motion or at
11 the request of any taxpayer affected by the emergency, may grant
12 extensions of the due date of any taxes payable under this section as
13 the treasurer deems proper.

14 **Retention of funds from interest.**

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

17 (12) For purposes of this chapter, "interest" means both interest
18 and penalties.

19 **Retention of funds from property foreclosures and sales.**

20 (13) The direct cost of foreclosure and sale of real property,
21 and the direct fees and costs of distraint and sale of personal
22 property, for delinquent taxes, must, when collected, be credited to
23 the operation and maintenance fund of the county treasurer
24 prosecuting the foreclosure or distraint or sale; and must be used by
25 the county treasurer as a revolving fund to defray the cost of
26 further foreclosure, distraint, and sale because of delinquent taxes
27 without regard to budget limitations and not subject to indirect
28 costs of other charges.

29 **Tax due dates and options for tax payment collections.**

30 **Electronic billings and payments.**

31 (14) For purposes of this chapter, and in accordance with this
32 section and RCW 36.29.190, the treasurer may collect taxes,
33 assessments, fees, rates, interest, and charges by electronic billing
34 and payment. Electronic billing and payment may be used as an option
35 by the taxpayer, but the treasurer may not require the use of
36 electronic billing and payment. Electronic bill presentment and
37 payment may be on a monthly or other periodic basis as the treasurer
38 deems proper for:

- 39 (a) Delinquent tax year payments; and
40 (b) Prepayments of current tax.

1 **Tax payments.**

2 **Prepayment for current taxes.**

3 (15)(a) The treasurer may accept prepayments for current year
4 taxes by any means authorized. All prepayments must be paid in full
5 by the due date specified in subsection (16) of this section.

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

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

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

15 (ii)(A) The treasurer may provide, by electronic means or
16 otherwise, a payment agreement for payment of past due delinquencies.
17 The payment agreement must be signed by the taxpayer and treasurer or
18 the treasurer's deputy prior to the sending of an electronic or
19 alternative bill, which includes a payment plan for past due
20 delinquent taxes and charges.

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

25 **Partial payments: Acceptance of partial payments for current and**
26 **delinquent taxes.**

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

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

35 **Payment for delinquent taxes.**

36 (d) Payments on past due taxes must include collection of the
37 oldest delinquent year, which includes interest, penalties, and taxes
38 within an eighteen-month period, prior to filing a certificate of
39 delinquency under chapter 84.64 RCW or distraint pursuant to RCW
40 84.56.070.

1 **Due date for tax payments.**

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

9 **Electronic funds transfers.**

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

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

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

20 **Payment for administering prepayment collections.**

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

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

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

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

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

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

39 **Definitions.**

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

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

7 (b) "Internet" has the same meaning as provided in RCW
8 19.270.010.

9 (c) "Tax foreclosure avoidance costs" means those direct costs
10 associated with the administration of properties subject to and prior
11 to foreclosure. Tax foreclosure 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 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2022.

Passed by the House April 22, 2021.

Passed by the Senate April 5, 2021.

Approved by the Governor May 12, 2021.

Filed in Office of Secretary of State May 12, 2021.

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