
Finance Committee

HB 3280

Brief Description: Creating a uniform interest rate.

Sponsors: Representatives Kessler, Anderson, Darneille, Santos and Kenney.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Achieves uniformity in interest rates for a variety of unpaid state obligations.
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Hearing Date: 2/4/08

Staff: Don Taylor (786-7388).

Background:

Many statutes throughout the Revised Code of Washington specify interest rates for a variety of taxes, fees, fines, penalties, assessments, judgements and other financial obligations that are not paid by the due date. There is no uniformity among these rates. Some are expressed in a set percentage (either monthly or annually) and some are tied to federal rates.

Summary of Bill:

In place of the existing interest rates, a new rate tied to the federal treasury bill rate is adopted. It would be calculated annually in December and would apply for the following calendar year. The rate is based on the auction rate for twenty-six week T-bills, averaged over the previous six months. To this calculated rate, an additional two percentage points would be added.

All of these statutes pertain to under payments or late payments of obligations. None of the statutes apply to overpayments, in which the state would pay interest to the affected party. The major programs impacted by the interest rate changes are:

1. A variety of court-ordered fines, penalties and judgements (rates currently range from 5 to 12 percent per annum).
2. Employer assessments regarding disputed wages (rate is currently 1 percent per month).

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

3. Delinquent unemployment compensation payments (rate is now 1 percent per month).
4. Delinquent payments of industrial insurance (rate is currently 1 percent per month).
5. Delinquent payments of state excise taxes and state estate tax (rate is currently the federal short-term rate, averaged over the previous four quarterly amounts, plus two percent).
6. Delinquent payments of property taxes (rate is currently 12 percent per annum).
7. Property tax levies on appealed assessed values (rate is currently nine percent per annum).
8. Compensating tax on removal of designated forest lands and removal of open space, farm and timber lands from current use assessment (rate is currently 12 percent per annum).

The first calculation of interest under this bill would take place in December of 2009 and would impact interest rates starting in calendar year 2010.

Appropriation: None.

Fiscal Note: Available.

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