

SENATE BILL REPORT

SHB 2986

As Reported By Senate Committee On:
Government Operations & Elections, February 28, 2008

Title: An act relating to property tax collection and assessment.

Brief Description: Concerning property tax collection and assessment.

Sponsors: House Committee on Finance (originally sponsored by Representatives Takko and Schindler).

Brief History: Passed House: 2/13/08, 95-0.

Committee Activity: Government Operations & Elections: 2/28/08 [DPA, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Kline, McDermott and Pridemore.

Minority Report: That it be referred without recommendation.

Signed by Senator Benton.

Staff: Cindy Calderon (786-7784)

Background: Property taxes are imposed by state and local government and apply to the assessed value of all taxable property, which includes all real and personal property located within the state, unless exempt. The assessed value of most real property is determined by the county assessor. All property must be valued at 100 percent of its true and fair value, unless specifically provided otherwise by law. The first half of property taxes are due by April 30 and the second half is due on October 31. The rate of interest on delinquent property taxes is 12 percent.

County treasurers are responsible for the collection of various taxes. In carrying out the duty to collect taxes, the county treasurer is responsible for establishing the county's tax rolls. This must be done before the county treasurer has the authority to levy and receive taxes. Prior to 2007, the county treasurer was not allowed to receive tax payments before February 15; in 2007 the Legislature eliminated this rule. County treasurers may now receive tax payments once the tax roll for the current year's collection is complete.

A real estate excise tax generally applies to the sales of real property. The county treasurer must put a stamp on the instrument of sale or conveyance, or the real estate excise tax

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affidavit showing the tax has been paid before the instrument can be filed with the county auditor.

Property tax refunds can be made if there has been a mistake or error in the tax bill. Refunds are also given if the property's value has been reduced as a result of an appeal. A refund must be made on a claim that is verified; filed with the county treasurer within three years of making the payment sought to be refunded; and is statutorily grounded.

Diking, drainage, or sewage improvement district assessments for construction or maintenance of improvements are collected in the same manner as property taxes. The annual assessments or installments of assessments for construction and maintenance and repairs are due in two equal installments on the following dates: May 30; and November 30. The rate of interest on delinquent payments is 10 percent.

Summary of Bill (Recommended Amendments): The date for collecting personal property taxes is modified; the county treasurer must collect all personal property taxes after first completing the tax roll for the current year's collection rather than the February 15 collection date. This applies to specific statutes addressing:

- advanced tax deposits for plats and binding site plans; the valuation and assessment of divided property, specifically, current year taxes for subdivisions;
- the assessment of real property and liens, specific to when a lien attaches between a grantor and a grantee, to include liens between a grantor and a grantee for flood control districts and irrigation districts;
- property acquired by the state, county, or municipal corporation by purchase or condemnation in which the property is still subject to a tax lien; and
- assessments due and payable for irrigation districts.

Tax bills must be sent to each property owner and the person to be notified is the owner named of record as existing on the tax roll.

The due dates, of two equal payments, for both construction and maintenance and repairs of the diking and or drainage systems are changed from May 30 and November 30 to April 30 and October 31. The interest on delinquent payments is raised from 10 percent to 12 percent. The stamp required to show evidence of payment of the real estate excise tax is replaced by a verification of payment by the county treasurer. Verification of payment of all property taxes on mobile homes, used manufactured homes, used park model mobile homes, or used floating homes is required to be affixed to the instrument of sale or conveyance, or on the real estate excise tax affidavit prior to filing and recording.

Refunds on property taxes must be made on a claim filed with the county treasurer within three years after the due date of the payment, rather than three years after making of the payment.

The requirement that a work group be convened to examine ways to provide detailed property tax information to all tax payers is removed.

EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & ELECTIONS (Recommended Amendments): Tax bills must be sent to each property owner and the person to be notified is the owner named of record as existing on the tax roll.

The requirement that a work group be convened to examine ways to provide detailed property tax information to all tax payers is removed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute Bill: PRO: This is a clean-up bill. Diking and drainage district taxes are due a month later than the date for property taxes and this causes confusion. Changing the payment dates and raising the delinquency interest makes diking and drainage district taxes consistent with property taxes and streamlines the process. The striking amendment requires that tax notices be sent to each property owner and clarifies that it is the owner whose name is on the tax roll; in the past, mortgage companies would receive them and the owner might not know. Approximately 35 counties are already doing this and based on a survey the counties agree to do this. The study as addressed in the original bill contained faulty language, and the amendment helps accomplish what was going to be studied.

Persons Testifying: PRO: Representative Takko, prime sponsor; Rose Bowman, Washington State Association of County Treasurers.