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**SUBSTITUTE HOUSE BILL 2309**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Finance (originally sponsored by Representatives Condotta, Shea, Overstreet, and Taylor)

READ FIRST TIME 02/11/14.

1       AN ACT Relating to providing fairness and flexibility in the  
2 payment of property taxes; amending RCW 84.56.020 and 84.56.025; and  
3 creating a new section.

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

5       **Sec. 1.** RCW 84.56.020 and 2013 c 239 s 3 are each amended to read  
6 as follows:

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

1 before the thirtieth day of April and, except as provided in this  
2 section, shall be delinquent after that date.

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

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

14 (4) When the total amount of tax or special assessments on any lot,  
15 block or tract of real property or on any mobile home payable by one  
16 person is fifty dollars or more, and if one-half of such tax be paid  
17 after the thirtieth day of April but before the thirty-first day of  
18 October, together with the applicable interest and penalty on the full  
19 amount of tax payable for that year, the remainder of such tax is due  
20 and payable on or before the thirty-first day of October following and  
21 is delinquent after that date.

22 (5) Except as provided in (c) of this subsection, delinquent taxes  
23 under this section are subject to interest at the rate of twelve  
24 percent per annum computed on a monthly basis on the ((full-year))  
25 amount of tax ((unpaid)) delinquent from the date of delinquency until  
26 paid. Interest must be calculated at the rate in effect at the time of  
27 payment of the tax, regardless of when the taxes were first delinquent.  
28 In addition, delinquent taxes under this section are subject to  
29 penalties as follows:

30 (a) A penalty of three percent of the ((full-year)) amount of tax  
31 ((unpaid)) delinquent is assessed on the tax delinquent on June 1st of  
32 the year in which the tax is due.

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

36 (c) If a taxpayer is successfully participating in a payment  
37 agreement under subsection (11)(b) of this section, the county  
38 treasurer may not assess additional penalties on delinquent taxes that

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

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

7 (b) For the purposes of this section, "tax foreclosure avoidance  
8 costs" means those costs that can be identified specifically with the  
9 administration of properties subject to and prior to foreclosure. Tax  
10 foreclosure avoidance costs include:

11 (i) Compensation of employees for the time devoted and identified  
12 specifically to administering the avoidance of property foreclosure;  
13 and

14 (ii) The cost of materials, services, or equipment acquired,  
15 consumed, or expended specifically for the purpose of administering tax  
16 foreclosure avoidance prior to the filing of a certificate of  
17 delinquency.

18 (c) When tax foreclosure avoidance costs are collected, the tax  
19 foreclosure avoidance costs must be credited to the county treasurer  
20 service fund account, except as otherwise directed.

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

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

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

36 (9) For purposes of this chapter, "interest" means both interest  
37 and penalties.

1 (10) All collections of interest on delinquent taxes must be  
2 credited to the county current expense fund; but the cost of  
3 foreclosure and sale of real property, and the fees and costs of  
4 distraint and sale of personal property, for delinquent taxes, must,  
5 when collected, be credited to the operation and maintenance fund of  
6 the county treasurer prosecuting the foreclosure or distraint or sale;  
7 and must be used by the county treasurer as a revolving fund to defray  
8 the cost of further foreclosure, distraint and sale for delinquent  
9 taxes without regard to budget limitations.

10 (11)(a) For purposes of this chapter, and in accordance with this  
11 section and RCW 36.29.190, the treasurer may collect taxes,  
12 assessments, fees, rates, interest, and charges by electronic bill  
13 presentment and payment. Electronic bill presentment and payment may  
14 be utilized as an option by the taxpayer, but the treasurer may not  
15 require the use of electronic bill presentment and payment. Electronic  
16 bill presentment and payment may be on a monthly or other periodic  
17 basis as the treasurer deems proper for delinquent tax year payments  
18 only or for prepayments of current tax. All prepayments must be paid  
19 in full by the due date specified in (c) of this subsection. Payments  
20 on past due taxes must include collection of the oldest delinquent  
21 year, which includes interest and taxes within a twelve-month period,  
22 prior to filing a certificate of delinquency under chapter 84.64 RCW or  
23 distraint pursuant to RCW 84.56.070.

24 (b) The treasurer must provide, by electronic means or otherwise,  
25 a payment agreement that provides for payment of current year taxes,  
26 inclusive of prepayment collection charges. The treasurer may provide,  
27 by electronic means or otherwise, a payment agreement for payment of  
28 past due delinquencies, which must also require current year taxes to  
29 be paid timely. The payment agreement must be signed by the taxpayer  
30 and treasurer prior to the sending of an electronic or alternative  
31 bill, which includes a payment plan for current year taxes. The  
32 treasurer may accept partial payment of current and delinquent taxes  
33 including interest and penalties using electronic bill presentment and  
34 payments.

35 (c) All taxes upon real and personal property made payable by the  
36 provisions of this title are due and payable to the treasurer on or  
37 before the thirtieth day of April and are delinquent after that date.  
38 The remainder of the tax is due and payable on or before the thirty-

1 first day of October following and is delinquent after that date. All  
2 other assessments, fees, rates, and charges are delinquent after the  
3 due date.

4 (d) A county treasurer may authorize payment of past due property  
5 taxes, penalties, and interest under this chapter by electronic funds  
6 transfer payments on a monthly basis. Delinquent taxes are subject to  
7 interest and penalties, as provided in subsection (5) of this section.

8 (e) The treasurer must pay any collection costs, investment  
9 earnings, or both on past due payments or prepayments to the credit of  
10 a county treasurer service fund account to be created and used only for  
11 the payment of expenses incurred by the treasurer, without limitation,  
12 in administering the system for collecting prepayments.

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

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

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

20 **Sec. 2.** RCW 84.56.025 and 2003 c 12 s 1 are each amended to read  
21 as follows:

22 (1) The interest and penalties for delinquencies on property taxes  
23 (~~shall~~) must be waived by the county treasurer if the notice for  
24 these taxes due, as provided in RCW 84.56.050, was not sent to a  
25 taxpayer due to error by the county. Where waiver of interest and  
26 penalties has occurred, the full amount of interest and penalties  
27 (~~shall~~) must be reinstated if the taxpayer fails to pay the  
28 delinquent taxes within thirty days of receiving notice that the taxes  
29 are due. Each county treasurer (~~shall~~) must, subject to guidelines  
30 prepared by the department of revenue, establish administrative  
31 procedures to determine if taxpayers are eligible for this waiver.

32 (2) In addition to the waiver under subsection (1) of this section,  
33 the interest and penalties for delinquencies on property taxes  
34 (~~shall~~) must be waived by the county treasurer under the following  
35 circumstances:

36 (a) The taxpayer fails to make one payment under RCW 84.56.020 by  
37 the due date on the taxpayer's personal residence because of hardship

1 caused by the death of the taxpayer's spouse if the taxpayer notifies  
2 the county treasurer of the hardship within sixty days of the tax due  
3 date; or

4 (b) The taxpayer fails to make one payment under RCW 84.56.020 by  
5 the due date on the taxpayer's parent's or stepparent's personal  
6 residence because of hardship caused by the death of the taxpayer's  
7 parent or stepparent if the taxpayer notifies the county treasurer of  
8 the hardship within sixty days of the tax due date.

9 (3) In addition to the waivers under subsections (1) and (2) of  
10 this section, the county treasurer, at his or her discretion, may waive  
11 interest and penalties for delinquencies on property taxes where the  
12 taxpayer paid an erroneous amount due to apparent taxpayer error and  
13 the taxpayer pays the delinquent taxes within thirty days of receiving  
14 notice that the taxes are due.

15 (4) Before allowing a hardship waiver under subsection (2) of this  
16 section, the county treasurer may require a copy of the death  
17 certificate along with an affidavit signed by the taxpayer.

18 NEW SECTION. **Sec. 3.** This act applies to taxes levied for  
19 collection in 2015 and thereafter.

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