

July 29, 2019

Legislative Update – Engrossed Second Substitute House Bill 1105 Protecting Taxpayers from Home Foreclosure.

The 2019 Legislature passed Engrossed Second Substitute House Bill 1105 ([E2SHB 1105](#)), enacting measures to protect taxpayers from home foreclosure. The bill is effective January 1, 2020.

What the bill does

This bill amends RCWs 84.56.020, 84.64.225, and 84.64.050, and adds a new section to chapter 84.56 RCW. Below is information on the notable changes.

Tax statements

Amends RCW 84.56.020, requiring a due date for the distribution of property tax statements and that those statements include additional information, as follows:

- Tax statements for the current year's taxes must be distributed to each taxpayer on or before March 15 of each year, provided:
 - All city and other taxing district budgets have been submitted to county legislative authorities by November 30 per RCW 84.52.020;
 - The county legislative authority has certified taxes levied to the county assessor by November 30 per RCW 84.52.070; and
 - The county assessor has delivered the tax roll to the county treasurer by January 15 per RCW 84.52.080
- Each tax statement must also include information describing the Senior Citizens, Disabled Persons, and Veterans' Exemption Programs (RCW 84.36.379 – 389) and Deferral (chapter 84.38 RCW) Program.

Delinquent tax payments

Revises RCW 84.56.020, requiring county treasurers to provide additional notification to taxpayers, as follows:

- Notification to taxpayers whose taxes have become delinquent, either first-half or second-half taxes, must specify where the taxpayer can obtain information regarding:
 - Any current tax or special assessments due as of the date of the notice;
 - Any delinquent tax or special assessments due, including any penalties and interest, as of the date of the notice; and
 - Where a taxpayer can pay his or her property taxes directly. The county treasurer must include the phone number for the statewide foreclosure hotline recommended by the Washington State Housing Finance Commission (WSHFC).
- No later than 90 days after a taxpayer's taxes have been delinquent for two years, the county treasurer must provide the name and property address of the delinquent taxpayer to a homeownership resource center, or other entity recommended by the WSHFC.

Prepayment for current taxes

Amends RCW 84.56.020 to allow county treasurers to accept prepayment of current year taxes.

- County treasurers may now accept prepayments for current year taxes by any means authorized.
- All prepayments must be paid in full by the due date:
 - First half taxes are due on or before April 30, and are delinquent after that date.
 - Second half taxes are due on or before October 31, and are delinquent after that date.

Payment agreements for current year taxes

Changes RCW 84.56.020 to clarify processing procedures of payment agreements for current year taxes.

- Payment agreements for current year taxes must be signed by the taxpayer and treasurer (or the treasurer's deputy) prior to sending an electronic or alternative bill.
- The electronic or alternative bill must include a payment plan for current year taxes.

Payment agreements for delinquent year taxes

Amends RCW 84.56.020 regarding payment agreements for delinquent taxes, as follows:

- Payment agreements for delinquent year taxes no longer require that current year taxes be paid timely.
- In addition to the treasurer, allows the treasurer's deputy to sign payment agreements prior to the sending of an electronic or alternative bill.
- Payments received by a treasurer for delinquent year taxes from a taxpayer participating in payment agreement must be applied first to the oldest delinquent year, unless the taxpayer requests otherwise.

Partial payment for current and delinquent taxes

Revises RCW 84.56.020, allowing county treasurers to accept partial payments for current and delinquent taxes, including interest and penalties, by any means necessary, including electronic payment.

All payments received by county treasurers for delinquent year taxes from a taxpayer paying a partial payment must be applied first to the oldest delinquent year unless the taxpayer requests otherwise.

Payment for delinquent taxes

Adds a provision to RCW 84.56.020, allowing collection of the oldest delinquent year taxes along with interest and penalties. Prior to filing a certificate of delinquency under chapter 84.64 RCW, or distraint under RCW 84.56.070, county treasurers must calculate taxes due for the oldest delinquent period, including interest and penalties.

Electronic funds transfers

Amends RCW 84.56.020 to allow county treasurers to authorize tax payments by electronic funds transfers on a monthly or other periodic basis.

Waiver of interest and penalties for taxpayers subject to foreclosure

Revises RCW 84.56.020 to provide a waiver of all interest and penalties on delinquent taxes for properties subject to foreclosure action, as follows:

- Not earlier than 60 days prior to third year from the date of delinquency, county treasurers must waive all outstanding interest and penalties on delinquent taxes due from a taxpayer if the property is subject to foreclosure action under chapter 84.64 RCW and the following requirements are met:
 - The taxpayer is income-qualified under RCW 84.36.381(5)(a) (Note: this is the minimum income threshold to qualify in the senior citizens, disabled persons, and veterans' exemption program), as verified by the county assessor; and
 - The property is occupied as the taxpayer's principal place of residence; and
 - The taxpayer has not previously received a waiver on the property as provided in RCW 84.56.020(19).

Property Tax Special Notice

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Tax judgement sale by electronic media

Provides clarification in RCW 84.64.225 regarding the payment in the case of an online public auction sale due to foreclosure of tax liens. Specifically, a winning bidder at a public auction sale (under in RCW 36.16.145) has no less than 48 hours to pay the winning bid by electronic funds transfer.

Certificate of delinquency

Revises RCW 84.64.050 to prohibit county treasurers from issuing a certificate of delinquency when the delinquent tax is \$100 or less (excluding interest and penalties). However, if a local governing authority has declared a nuisance affecting public peace, safety, and welfare for a parcel, the county treasurer may proceed to issue a certificate of delinquency.

Taxpayer assistance request

A new section is added to chapter 84.56 RCW, for taxpayer assistance requests, as follows:

- If a taxpayer requests assistance for payment of current year or delinquent taxes, the county assessor, where applicable:
 - May assist the taxpayer in applying for the senior citizens, disabled persons, and veterans' exemption and deferral programs; and
 - Must refer the taxpayer to the statewide foreclosure hotline recommended by the WSHFC.
- County treasurers may also refer taxpayers requesting assistance to the county assessor's office.

New sections are also added to chapters 36.21 and 36.29 RCW, requiring both county assessors and treasurers to post information in public view describing the senior citizens, disabled persons, and veterans' exemption and deferral programs.

Questions: If you have questions or need additional information, please contact the Department of Revenue, Property Tax Division at (360) 534-1400.