

HB 3143 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Jaime McGovern, Economist

Meeting Dates: 3/18, 4/26

WHAT THE MEASURE DOES:

Adjusts interest computation, on delinquent property taxes, to daily rather than monthly. Allows governing body of county to adopt ordinance waving or reducing interest charged for late property tax payment in certain circumstances due to "good and sufficient cause". Defines "good and sufficient cause" as extraordinary circumstance beyond taxpayer's control that caused late payment. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Current methods of delinquent fee calculation and imposition.
- Effect of monthly vs. daily rate calculation.
- Alternative approaches to delinquent fee calculations.
- Administration of proposed daily rate.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Property taxes are due in one third installations on November 15th, February 15th, and May 15th of the following year. If not paid on time, fees related to disqualification and special assessment may be charged and interest accrues at the rate of 1 1/3% per month.

Per the Department of Revenue Property Tax Statistics: Based on property values assessed as of January 1, taxes are levied and become a lien on property on July 1. Tax payments are due on November 15 of the same calendar year. Under the partial payment schedule, the first one-third of taxes is due on November 15, the second one-third on February 15, and the remaining one-third on May 15. If the taxpayer makes the full tax payment by November, a discount of 3 percent is allowed; a 2 percent discount is allowed for a two-thirds payment made by November 15. For late payments, interest accrues at a rate of 1.33 percent per month (16 percent annual rate). If taxes remain unpaid after three years from the beginning of delinquency date, counties then initiate property foreclosure proceedings.