

FOR MARCH 24, 2020
COUNTY COUNCIL
MEETING

COMMENTS FROM
COUNTY TREASURER
STEVE OLIVER

13. AB2020-155 Discussion regarding property tax law as it related to COVID-19

Dana Brown-Davis

From: Council
Sent: Tuesday, March 24, 2020 11:58 AM
To: Carol Frazey; Tyler Byrd; Barry Buchanan; Todd Donovan; Rud Browne; Kathy Kershner; Ben Elenbaas; Dana Brown-Davis; Lisa Bruner; Cathy Halka
Subject: FW: Memo for discussion at Council meeting today AB2020-155
Attachments: WCT Property Tax Collection Plan 033420_v1.3.pdf

From: Steve Oliver
Sent: Tuesday, March 24, 2020 11:57:37 AM (UTC-08:00) Pacific Time (US & Canada)
To: Council
Cc: Cathy Halka; Dana Brown-Davis; Satpal Sidhu; Tyler Schroeder; Brad Bennett
Subject: Memo for discussion at Council meeting today AB2020-155

Please see attached

Steve Oliver
Whatcom County Treasurer
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Bellingham, WA 98227-5268
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<http://www.whatcomcounty.us/treasurer/index.jsp>

**WHATCOM COUNTY
TREASURER'S OFFICE**

COUNTY COURTHOUSE
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Bellingham, WA 98227-5268
treasurer@co.whatcom.wa.us



STEVEN N. OLIVER
TREASURER

KAREN B. THOMAS
CHIEF DEPUTY

MEMORANDUM

To: Whatcom County Councilmembers

From: Steve Oliver, Whatcom County Treasurer

A handwritten signature in black ink, appearing to read "S Oliver", is written over the "From:" line.

CC: Satpal Sidhu, Whatcom County Executive
Tyler Schroeder, Deputy County Executive
Brad Bennett, Finance Manager

Date: March 24, 2020

RE: First-half Property Tax Payments

After careful consideration of the current financial position of local government agencies that rely on annual property tax revenues, local business and employment impacts, current economic models and forecasts, and projected pandemic response activities, the Whatcom County Treasurer's Office has developed a draft plan for first half property tax collections.

The current pandemic emergency has affected everyone in the community. We have seen personal financial impacts through job loss or layoff, forced closures of local businesses, significant decline in other businesses, school closures, quarantine requirements and illness. Business and individual financial circumstances and ability to meet their basic obligations have changed very rapidly. Property tax has also become a growing portion of most household and business budgets. Individual circumstances will vary greatly across the community and in some cases, there will need to be more resources made available beyond delaying the payment of property taxes.

Property taxes provide funding for critical and everyday services and infrastructure in our community. With the exception of the state property tax levy, our local government agencies levy property taxes based upon approved budgets. Some agencies have multiple sources of revenues while others are almost completely dependent upon the property tax system. We also have some immovable financial obligations such as \$58 million in bond payments due in 2020 that are paid by voter approved bond levies. Many local agencies are also facing extraordinary expenses related to the pandemic responses. The property tax system is built to provide stable, long-term revenues for state and local government. Property tax is not built to respond quickly to rapidly evolving situations or quick pivots in direction.

We are facing many unknowns regarding local government funding for the pandemic response, its related impacts and continued service delivery. We do not know when significant federal or state aid may be available to local government agencies, business owners or individuals. The current pandemic emergency is very different than other types of widespread emergency events like an earthquake or a flood. In those types of events, we know what the impact was and we can mobilize a recovery effort as quickly as possible. The current pandemic emergency will continue to play out before us for likely many months to come. Today, it is nearly impossible to know the extent of the full economic impact or the recovery needs resulting from the pandemic emergency. We need to manage our existing financial resources with these unknowns in mind to ensure that we can continue to adequately respond to the continuing emergency and position ourselves for quick recovery. From other events around the world, we know that those governments that best planned and prepared for recovery were the quickest and most successful at recovery.

We do know this draft plan works only if taxpayers still able to pay do so on time. If taxpayers unnecessarily avail themselves of the ability to pay on May 31 with no interest or go on unneeded interest-free payment plans, our local government agencies will suffer unnecessary financial impacts. We need to strongly appeal to the community's goodwill to pay their taxes on time if they have the ability to do so. Paying your taxes on time is a great way for a community member to help someone else that is experiencing greater financial struggle and make sure that local government can continue to support the community.

It is with these considerations and more that I have developed the attached draft plan. I believe the County Treasurer has the authority to act on this plan on my own motion. However, I appreciate the opportunity to consult with the County Council on this decision to make sure that the plan is as responsive to the current situation as possible and the County Council has an opportunity to understand the cost of this plan to Whatcom County government. We are also expecting some further direction from the State this week regarding property tax collections, so we will likely not publicly announce any plans until we can evaluate any further direction from the State. Thank you for your assistance.

DRAFT Whatcom County 2020 First Half Property Tax Collection Plan

1. Waiver of Interest through May 31

First half property taxes will remain due on April 30. However, we will allow all taxpayers to pay current year taxes without interest through May 31.

Estimated Cost to Whatcom County: \$250,000 in lost interest revenues

2. Payment Agreements for Small Business and Primary Residences

We will institute payment agreements for small businesses and primary residences. The payment agreements will suspend interest and penalty charges throughout the term of the agreement. Payment agreements that are not successfully completed will be subject to interest and penalty on any outstanding balances according to RCW 84.56.020.

Estimated Cost to Whatcom County: \$1,250,000 in lost interest and penalty revenues

3. Suspension of Property Tax Foreclosure Proceedings Until 2021

We will defer all real and personal property foreclosure actions for one year. The County Treasurer is required to foreclose on real property once it becomes three or more years delinquent and foreclose on business personal property once it becomes 30 days delinquent. This will save real property owners from facing thousands of dollars in foreclosure costs this year. We will stay in contact with those facing foreclosure to help them take the most advantage of the year-long suspension to get their delinquent taxes paid. There are approximately \$600,000 in taxes that are three or more years delinquent today. A significant portion of these will go uncollected until 2021.

Estimated Cost to Whatcom County: \$75,000 plus reduced collections on taxes subject to foreclosure in 2020.

4. Re-Evaluate Situation June 1

The response and impacts to the pandemic emergency have evolved very rapidly. We will re-evaluate these interim steps at the end of May to determine if additional measures should be taken.