

# SENATE BILL REPORT

## SB 5936

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, March 5, 2001  
Ways & Means, March 8, 2001

**Title:** An act relating to funds for operating and maintenance of low- income housing projects and for innovative housing demonstration projects.

**Brief Description:** Providing funds for housing projects.

**Sponsors:** Senators Prentice, Winsley, Costa, Thibaudeau, Jacobsen, Regala, Gardner, Kline, Spanel, Shin, Rasmussen, Fraser and Kohl-Welles; by request of Department of Community, Trade, and Economic Development.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/20/01, 3/5/01 [DPS-WM, DNP].  
Ways & Means: 3/8/01 [DP2S, DNP].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5936 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Fairley, Franklin, Patterson, Rasmussen, Regala, West and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Benton, Hochstatter and Honeyford.

**Staff:** David Cheal (786-7576)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5936 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Rasmussen, Regala, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Rossi and Zarelli.

**Staff:** Mike Groesch (786-7434)

**Background:** Affordable housing needs continue to outstrip available resources. Existing housing programs and projects experience occasional very high maintenance or remodel needs that threaten their continuation.

In some parts of the state, market rate housing is not affordable on the income of teachers, police officers, county commissioners or other middle income occupations.

County auditors currently collect \$5 for the first page of each instrument recorded, and \$1 for each additional page. Some multiple transactions contained in one instrument generate a lesser fee. Fees are also charged for producing both certified and uncertified copies.

Other document fees include: recording of plats, recording emergency and nonstandard documents, issuing of marriage licenses, searching records and administering oaths and taking affidavits.

**Summary of Second Substitute Bill:** A surcharge of \$3 must be charged by the county auditor for each instrument recorded. This charge is in addition to other charges authorized by law. The revenue collected is distributed as follows: 5 percent may be retained by the auditor for administrative costs; of the remaining funds, 40 percent is transmitted to the housing trust account, and 60 percent is retained by the county, to be used by the county and its cities, pursuant to an interlocal agreement, for low income housing projects.

The recording of assignments of previously recorded deeds of trust are excluded from the surcharge.

For the funds allocated to the state housing trust fund, the Department of Community, Trade, and Economic Development must develop guidelines for use of the funds (a) to support operation and maintenance costs for low-income housing projects developed with housing trust funds, and (b) to support innovative housing demonstration projects for moderate and middle income populations.

**Second Substitute Bill Compared to Substitute Bill:** References to real and personal property documents are deleted in order to achieve the intent of the substitute bill.

**Substitute Bill Compared to Original Bill:** The substitute bill reduces the surcharge on document filing from \$10 to \$3, and applies the surcharge to all instruments, not just real estate related documents. Projects seeking assistance for ongoing maintenance and operation costs are eligible, without the requirement in the original bill that it be a one-time or unusual operation or maintenance cost. The portion of funds raised that is to be retained by local governments is to be allocated among cities and counties pursuant to an interlocal agreement.

**Appropriation:** None.

**Fiscal Note:** Requested on February 20, 2001.

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

**Testimony For (Labor, Commerce & Financial Institutions):** Significant funds for a growing need will be raised by this bill while imposing only a minimal cost on the document

recording process. It is particularly important to give attention to developing new and innovative programs to assist moderate income households—a growing segment of the population that cannot achieve home ownership at market prices. It is important to establish a funding source that directly assists local government efforts.

**Testimony Against (Labor, Commerce & Financial Institutions):** (Concerns, original bill) It is unclear which documents are "real estate related," and this distinction will be difficult to administer. These needs should be addressed by the general fund and not born by document filers. They should also be addressed by removing some of the regulatory and fee burden on the private market and home building industry.

**Testified (Labor, Commerce & Financial Institutions):** Suzanne Sinclair, Auditors' Assn. (con); Dick Little, City of Bellingham (pro); Trent Matson, BIAW (con); Lynn Davison, Nick Federici (pro); Ray Price OCD/CTED (pro).

**Testimony For (Ways & Means):** The bill provides additional resources for preventing homelessness and operating and maintenance funds for projects serving the lowest of the low-income housing needs. Developmental Disability Housing and Farmworker Housing face cash flow problems and operations. Also important is that the bill provides direct funding for city and county housing efforts.

**Testimony Against (Ways & Means):** The bill creates a new tax on filings at the county auditor's office. The new funds will be quickly absorbed by inflation. The solution does not address the real problem which is the lack of low-income housing stock.

**Testified (Ways & Means):** Seth Dawson, WA St. Coalition for Homeless (pro); Richard Teasley, City of Tacoma (pro); Bob Mitchell, WA Assoc. of Realtors (pro); Trent Matson, BIAW (con); Dick Little, City of Bellingham (pro); Nick Frederici, WA Low-Income Housing Congress (pro); Ray Price, Asst. Dir. Housing, OCD (pro).