

HOUSE BILL REPORT

HB 1707

As Reported by House Committee On:
Community Development & Housing

Title: An act relating to the existing surcharge for local homeless housing and assistance.

Brief Description: Concerning the existing surcharge for local homeless housing and assistance.

Sponsors: Representatives Kenney, Appleton, Darneille, Pettigrew, Orwall, Santos, Lias, Ryu, Ormsby, Hasegawa, Dunshee, Frockt, Kagi, Cody, Springer, Upthegrove, Hunt, Pedersen, Rolfes, Ladenburg, Moscoso, Goodman, Roberts and Dickerson.

Brief History:

Committee Activity:

Community Development & Housing: 2/7/11, 2/14/11 [DPA].

Brief Summary of Amended Bill

- Extends the \$30 Homeless Housing and Assistance Act document recording surcharge through the 2017-2019 biennium.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

Majority Report: Do pass as amended. Signed by 6 members: Representatives Kenney, Chair; Finn, Vice Chair; Maxwell, Ryu, Santos and Walsh.

Minority Report: Do not pass. Signed by 2 members: Representatives Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member.

Staff: Jennifer Thornton (786-7147).

Background:

Duties and Authority of County Auditors.

The county auditor is responsible for the recording of specified documents required by law to be maintained as part of the public record kept by a county. The documents that must be

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recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions.

State law specifies requirements that must be met by an auditor when exercising his or her recording duties, including the collection of specified fees when a document is recorded.

These fees include certain surcharges used for the funding of state and local programs to provide affordable housing for low-income persons and housing assistance for the homeless. Among the housing programs funded by the surcharge is the Homeless Housing and Assistance Act (Act).

Homeless Housing and Assistance Act.

The Legislature enacted the Act in 2005, with the goal of reducing homelessness by 50 percent statewide and in each county by 2015. The Department of Commerce (Department), with the support of the interagency council on homelessness and the affordable housing advisory board, is responsible for preparing and publishing a 10-year homeless housing strategic plan with statewide goals and performance measures, and providing biennial progress reports to the Governor and the Legislature. Local areas must also have 10-year plans that are substantially consistent with the state plan.

An Act document recording surcharge is collected by county auditors. The fees are distributed and used as follows:

- 2 percent to the county auditor for collection of the fee;
- 58.8 percent into a fund used by the county and its cities and towns to accomplish the goals in the county's local homeless housing plan and cover administrative costs related to the plan. A specified share is remitted to the city treasurer to be used to accomplish the goals of any city that has its own local homeless housing plan; and
- 39.2 percent to the State Treasurer for deposit in the Home Security Fund Account used by the Department to provide housing and shelter for homeless people, fund the homeless housing grant program, and administer the homeless housing program.

A \$10 surcharge was authorized in 2005 under the Act. In 2009 House Bill 2331 did two things:

- (1) increased the surcharge to \$30 during the 2009-11 and 2011-13 biennia; and
- (2) returned the surcharge to \$10, beginning in the 2013-15 biennium.

Summary of Amended Bill:

The \$30 document recording surcharge collected by county auditors under the Act is extended through the 2017-19 biennium. Beginning with the 2019-21 biennium, the surcharge is \$10.

Amended Bill Compared to Original Bill:

The \$30 document recording surcharge is extended through the 2017-19 biennium, rather than established permanently at that level.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 15, 2011.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The issues related to homelessness were thoroughly heard in the committee's recent work session. Anyone buying a home is one bad month away from losing their home. The recording fee spreads this risk out more broadly, in the form of an insurance policy. More homelessness services have been shifted from the General Fund to the Home Security Fund Account. Because of the overload to this account, and the downturn in the economy, home sales are down. A \$12 million deficit for services provided through this account is expected, with an estimate that it will lead to over 5,000 additional homeless people during the biennium. If the sunset happens, there will be 23,000 additional homeless people. The stakes are too high to wait until a later session to address the sunset. This source works, however, it could be replaced with another workable option. This account has helped secure grants and supports innovative programs. Supportive housing equals stable lives. The money from the Home Security Fund Account keeps young people from drifting into chronic adult homelessness and will lessen the burden on the Department of Social and Health Services.

(With concerns) The concerns are not because of a lack of good work. This was originally sold as temporary, and a sunset date extension is preferred. The application of surcharge on filings is less fair than something such as an across-the-board property tax. The property tax is broad based, whereas this is transactional. Homelessness is not transactional.

(Opposed) The concern in 2005 is the same one as today. The concern was that this would be a Christmas tree-like fee, and more things would be added. That is what happened. Not all the documents for which the fee is assessed are real estate related. It is hard to look people in the eye and tell them the fee is \$62.

Persons Testifying: (In support) Representative Kenney, prime sponsor; Seth Dawson, Washington State Coalition for the Homeless; Nick Federici, Washington Low Income Housing Alliance; Seth Howard, Building Changes; Michael Ramos, Church Council of Greater Seattle; and Melinda Giovengo, YouthCare.

(With concerns) Brad Tower, Community Bankers of Washington.

(Opposed) Kim Wyman, Thurston County Auditor.

Persons Signed In To Testify But Not Testifying: None.