

SENATE BILL REPORT

SB 5193

As of January 26, 2015

Title: An act relating to exempting documents recording a water-sewer district lien from the surcharge for local homeless housing and assistance.

Brief Description: Exempting documents recording a water-sewer district lien from the surcharge for local homeless housing and assistance.

Sponsors: Senator Benton.

Brief History:

Committee Activity: Human Services, Mental Health & Housing: 1/22/15.

SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

Staff: Alison Mendiola (786-7444)

Background: Homeless Housing and Assistance Act (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 (Commerce), with the support of the Interagency Council on Homelessness and the Affordable Housing Advisory Board, is responsible for preparing and publishing a ten-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 ten-year plans that are substantially consistent with the state plan.

The \$40 surcharge for local homeless housing and assistance was originally authorized in 2005 as a \$10 surcharge under the Act. Of the \$40 surcharge, the county auditor retains 2 percent; 60 percent goes to the county for homeless housing and assistance, of which 6 percent may be used by the county for administrative costs; and the remaining funds are deposited into the Home Security Fund account. Commerce may use 12.5 percent for administrative fees and the remaining 87.5 percent is used to provide housing and shelter for homeless people and fund the homeless housing grant program.

The local homeless housing and assistance surcharge applies to certain documents relating to real property specified in statute including deeds, mortgages, community property agreements, leases, and other documents related to property ownership, as well as other documents pertaining to real property as determined by Commerce. The surcharge

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specifically does not apply to assignments or substitutions of previously recorded deeds or trusts, or any documents exempt from a recording fee by state law. Documents exempt by law include documents recording a birth, marriage, divorce, or death; any recorded documents otherwise exempt from a recording fee or additional surcharges under state law; marriage licenses issued by the county auditor; or documents recording a state, county, or city lien or satisfaction of a lien.

Water-sewer districts are a special purpose district. There are approximately 200 water-sewer districts in the state, which range in size from 170,000 customers to as small as approximately 20 customers. Clark County files approximately 1500 liens per year on their 30,000 accounts that serve 88,000 customers. Liens are filed on accounts that are in arrears. The customer can pay off the lien at any time, or the lien is paid when the property is refinanced or sold. The local homeless housing and assistance surcharge is assessed when the lien is filed and when the lien is released.

Summary of Bill: Water-sewer districts, created under Title 57 RCW, are exempt from the local homeless housing and assistance surcharge.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Water-sewer districts are not exempt from this surcharge but state, county, and city liens are. If a city has water and files a lien, there is no homeless surcharge. However if the water is provided by a water-sewer district then the surcharge applies. This bill is a housekeeping issue, but also about equity. Also, this addition of the surcharge for a homeowner that is in arrears with a water or sewer bill is hitting a person who is in financial crisis. Without this exemption, this surcharge amounts to collecting money for the homeless from people who are about to be homeless. Twenty-five percent of state residents live in an area served by more than 250 of the water-sewer districts statewide. The number of liens filed vary, but there are not a lot of them as compared to the money that is collected from the surcharge.

CON: While the various liens by each district might be low, put together these funds are for critical needs. One-third of all households are rent burdened. There are 18,000 people experiencing homelessness, of which 6000 are on the streets according to the last point in time count. This is not a technical fix.

Persons Testifying: PRO: Joe Daniels, WA Assn. of Sewer and Water Districts; Ken Andrews, Clark Regional Wastewater District, Finance Director; Neil Kimsey, Clark Regional Wastewater District, Commissioner; Jeff Clarke, Alderwood Water & Wastewater District.

CON: Michele Thomas, WA Low Income Housing Alliance.