

SENATE BILL REPORT

SB 5536

As Reported by Senate Committee On:
Financial Institutions & Insurance, February 19, 2015
Ways & Means, February 27, 2015

Title: An act relating to the recoupment of certain costs by collection agencies.

Brief Description: Concerning the recoupment of certain costs by collection agencies.
[Revised for 2nd Substitute: Concerning recoverable costs from the recording of certain judgment liens.]

Sponsors: Senators Sheldon and Angel.

Brief History:

Committee Activity: Financial Institutions & Insurance: 2/04/15, 2/19/15 [DPS-WM, DNP].
Ways & Means: 2/26/15, 2/27/15 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 5536 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Benton, Chair; Angel, Vice Chair; Mullet, Ranking Minority Member; Fain, Hobbs, Litzow and Roach.

Minority Report: Do not pass.

Signed by Senators Darneille and Pedersen.

Staff: Susan Jones (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5536 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Brown, Hatfield, Hewitt, O'Ban, Padden, Parlette, Schoesler and Warnick.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass.
Signed by Senator Hasegawa.

Minority Report: That it be referred without recommendation.
Signed by Senators Keiser, Assistant Ranking Member on the Capital Budget; Billig, Conway, Fraser, Kohl-Welles and Rolfes.

Staff: Julie Murray (786-7711)

Background: Homeless Housing and Assistance Act. The Legislature enacted the Homeless Housing and Assistance Act (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.

Recorded Document Surcharge. Originally, a \$10 surcharge for local homeless housing and assistance was authorized in 2005 to be charged by the county auditor for each recorded document. Certain documents were exempt from the surcharge. The surcharge was increased to \$40 through June 30, 2019. 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. Forty-five percent of the remaining 87.5 percent must be set aside for the use of private rental housing payments. The remainder must be used to provide housing and shelter for homeless people and fund the homeless housing grant program.

There are a variety of other document recording fees.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Second Substitute): Any fee charged for the recording of a judgment as a lien against a homestead property in excess of the homestead exemption is a recoverable cost by the judgment creditor.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The exemption from the homeless housing and assistance surcharge upon recording is removed. Any fee charged for the recording of a judgment as a lien against a homestead property in excess of the homestead exemption is a recoverable cost by the judgment creditor.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE (Recommended First Substitute): The proposed substitute exempts certified abstracts of judgments, certified copies of judgments, and certified copies of the satisfactions of judgments from the homeless housing and assistance surcharge upon recording rather than allowing a collection agency to recoup the surcharge from the debtor.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Financial Institutions & Insurance): PRO: A judgment lien must be recorded to obtain a lien on homestead property. However, the recording fees are not recoverable. Those recording fees have increased over the years. A number of surcharges have been added. The surcharge for homeless was \$10. The surcharge has increased to \$40 and that became the tipping point for the need for a change. In addition the homeless surcharge previously applied to a small list of recordings. Last year the law changed to apply the surcharge to all recorded documents with a small list of exceptions. The cost for recording a judgment lien has increased substantially. An amendment may be appropriate so that all recording fees are recoverable and not just the surcharge.

Persons Testifying (Financial Institutions & Insurance): PRO: Kevin Underwood, WA Collectors Assn.

Staff Summary of Public Testimony on Substitute (Ways & Means): PRO: The bill has no fiscal impact anymore. The document recording surcharge was changed last year. While we would like an exemption, we changed our approach after working with stakeholders. This would allow the surcharge to remit to the county and state, but allow us to recoup those costs from the debtor.

CON: We opposed the substitute as it came out of the policy committee. We have not had an opportunity to review the proposed second substitute and may dislike this one less.

OTHER: We are in support of the proposed second substitute to make this a recoverable cost rather than an exemption.

Persons Testifying (Ways & Means): PRO: Kevin Underwood, WA Collection Assn.

CON: Nick Federici, WA Low Income Housing Alliance.

OTHER: Monty Cobb, WA Assn. of County Officials.