

# HOUSE BILL REPORT

## HB 1367

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**As Passed House:**

February 9, 2023

**Title:** An act relating to eliminating unnecessary homeless funding budget and auditing requirements.

**Brief Description:** Eliminating unnecessary homeless funding budget and auditing requirements.

**Sponsors:** Representatives Donaghy, Reed, Doglio, Ramel, Pollet and Macri.

**Brief History:**

**Committee Activity:**

Housing: 1/26/23, 2/2/23 [DP].

**Floor Activity:**

Passed House: 2/9/23, 97-0.

**Brief Summary of Bill**

- Removes the 45 percent set-aside requirement for private rental housing payments from the state portion of the \$62 homeless housing and assistance surcharge funds.
- Adds private rental housing assistance to the uses for the state portion of surcharge funds.
- Removes the requirement that the Office of Financial Management secure a biennial independent expenditure review of the state portion of the \$62 homeless housing and assistance surcharge funds received and deposited into the Home Security Fund.

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**HOUSE COMMITTEE ON HOUSING**

**Majority Report:** Do pass. Signed by 13 members: Representatives Peterson, Chair;

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

Alvarado, Vice Chair; Leavitt, Vice Chair; Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Bateman, Chopp, Entenman, Hutchins, Low, Reed and Taylor.

**Staff:** Serena Dolly (786-7150).

**Background:**

Document Recording Fees.

State and local homeless housing programs receive funding from surcharges collected by each county auditor when certain documents are recorded. County auditors collect and distribute the following surcharges:

- \$13 Affordable Housing for All surcharge;
- \$62 Local Homeless Housing and Assistance surcharge;
- \$8 additional Local Homeless Housing and Assistance surcharge; and
- \$100 housing surcharge enacted in 2021.

The Homeless Housing and Assistance Surcharge.

Of the \$62 Local Homeless Housing and Assistance surcharge, 2 percent is retained by the county auditor collecting the fee and \$10 dollars is distributed to the county for the purpose of implementing local homeless housing programs and plans. The remainder of the \$62 surcharge is distributed as follows:

- 60 percent of the remainder to the county for its homeless housing program, up to 6 percent of which may be used for administering its homeless housing plan; and
- the remainder to be deposited in the Home Security Fund Account (HSF) and distributed as follows:
  - up to 12.5 percent of which may be used by the Department of Commerce (Commerce) for managing the state homeless housing program, including the costs of creating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the Homeless Housing Grant Program; and
  - of the remaining 87.5 percent, at least 45 percent must be set aside for private rental housing payments and the remainder goes to Commerce to provide housing and shelter for homeless people and fund the Homeless Housing Grant Program.

"Private rental housing" is defined as housing owned by a private landlord and includes housing owned by a nonprofit housing entity.

Documents exempt from the \$62 surcharge include:

- assignments or substitutions of previously recorded deeds of trust;
- documents recording a birth, marriage, divorce, or death; and
- documents recording a federal, state, county, city, water-sewer district, wage lien, or satisfaction of lien.

Home Security Fund Account.

The state's share of the \$62 Local Homeless Housing and Assistance surcharge is deposited into the HSF, which is an appropriated account and may be used only for homeless housing programs. The Office of Financial Management (OFM) must secure an independent expenditure review of state homeless assistance and housing surcharge funds received and deposited into the HSF on a biennial basis. The purpose of the expenditure review is to assess the consistency in achieving policy priorities within the private market rental housing segment for persons experiencing homelessness.

**Summary of Bill:**

The Homeless Housing and Assistance Surcharge.

The 45 percent set aside of the state's portion of the \$62 Local Homeless Housing and Assistance surcharge for private rental housing payments is removed, and private rental housing assistance is added to the uses for the state portion of surcharge funds.

Home Security Fund.

The requirement that the OFM secure a biennial-independent expenditure review of the state portion of the \$62 Local Homeless Housing and Assistance surcharge funds received and deposited into the HSF is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) At one time, the Legislature wanted to ensure private for-profit landlords received a portion of document recording fees. The Legislature subsequently removed this explicit set-aside although private landlords continue to get more than 45 percent of the funds since most housing is for-profit. Removing the set-aside reduced unnecessary paperwork, but unnecessary accounting continues to be required and wastes \$90,000 each biennium. The current requirement does not impact who gets served or where they are housed. The review just no longer makes sense and wastes time and money.

(Opposed) None.

**Persons Testifying:** Representative Brandy Donaghy, prime sponsor; and Tedd Kelleher, Department of Commerce.

**Persons Signed In To Testify But Not Testifying:** None.