

FINAL BILL REPORT

HB 1980

C 34 L 19
Synopsis as Enacted

Brief Description: Exempting federal tax lien documents from recording surcharges.

Sponsors: Representatives Macri and Ryu.

House Committee on Appropriations
Senate Committee on Ways & Means

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 recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions. County auditors must meet specific requirements when exercising their recording duties, including the collection of specified fees when a document is recorded.

The Homeless Housing and Assistance and Affordable Housing for All Surcharges.

Both state and local homeless housing programs receive funding from the surcharges collected by each county auditor when a document is recorded. During the 2018 Legislative Session, Engrossed Second Substitute House Bill (E2SHB) 1570 increased the homeless housing and assistance surcharge to \$62 per recorded document; and E2SHB 2578 increased the affordable housing for all surcharge to \$13 per recorded document. The surcharges are applied in addition to any authorized surcharges as well as any administrative fees collected by the county auditor.

Federal Taxes.

Under the Supremacy Clause of the United States Constitution, a state may not impose a tax on the federal government. The Internal Revenue Service (IRS) has informed the county auditors that it considers the recording fees in E2SHB 1570 to be a tax on the federal government, because the IRS records notices of federal tax liens and related documents.

Summary:

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.

Documents recording a federal lien or satisfaction of a federal lien are exempt from the document recording fee surcharges.

Votes on Final Passage:

House	98	0
Senate	46	0

Effective: July 28, 2019