

HOUSE BILL REPORT

HB 1260

As Reported by House Committee On:
Appropriations

Title: An act relating to administrative costs associated with the document recording fee.

Brief Description: Concerning administrative costs associated with the document recording fee.

Sponsors: Representatives Schmidt, Ormsby and Hill.

Brief History:

Committee Activity:

Appropriations: 1/23/25, 2/6/25 [DPS].

Brief Summary of Substitute Bill

- Amends the distribution of the portion of the \$183 housing and homelessness document recording surcharge retained by counties and used for implementation of city and county local homeless housing plans.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 30 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Couture, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Penner, Assistant Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Berg, Bergquist, Burnett, Caldier, Callan, Corry, Cortes, Doglio, Dye, Fitzgibbon, Keaton, Leavitt, Lekanoff, Manjarrez, Marshall, Peterson, Pollet, Rude, Springer, Stonier, Street, Thai and Tharinger.

Staff: Jessica Van Horne (786-7288).

Background:

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.

State and local homeless housing and affordable housing programs are supported in part through a \$183 surcharge on certain documents recorded by county auditors. Once the \$183 document recording surcharge is collected by the county auditor, revenues are distributed as follows:

- 1 percent is retained by the county auditor for fee collection activities;
- 30 percent is retained by the county to be used to implement their local homeless housing plan and for other eligible housing activities;
- 54.1 percent is deposited in the Home Security Fund Account to be used by the Department of Commerce (Commerce) for grants to support homeless housing programs;
- 13.1 percent is deposited in the Affordable Housing for All Account to be used by Commerce for grants to support housing projects within the Housing Trust Fund portfolio and permanent supportive housing programs; and
- 1.8 percent is deposited in the Landlord Mitigation Program Account to be used by Commerce for the Landlord Mitigation Program.

Of the 30 percent retained by counties:

- up to 10 percent may be used for administration and distribution of the funds collected and for administrative costs related to the county's homeless housing plan;
- at least 15 percent must be retained and used by the county for certain housing activities that serve extremely low and very low-income households; and
- at least 75 percent must be retained and used by the county to implement its local homeless housing plan.

A city may elect to operate a local homeless housing program separate from the county program. In counties where cities have chosen to exercise this option, the county must transmit funding from the 75 percent retained for implementation of its local homeless housing plan to each city that has elected to operate a separate program. Funding must be distributed in proportion to the city's local portion of the real estate excise tax collected by the county, without any deduction for county administrative costs. Of the funds received by the city, it may use up to 10 percent for administrative costs.

Summary of Substitute Bill:

In counties where a city has not elected to operate its own homeless housing program, of the 30 percent portion of the \$183 document recording surcharge retained by counties, the county may use up to 10 percent of funding for administrative costs and at least 75 percent of funding for costs to implement its local homeless housing plan.

In counties where a city has elected to operate its own homeless housing program, of the 30 percent portion of the \$183 document recording surcharge retained by counties, the county must combine the 10 percent of funding retained for administrative costs and the 75 percent of funding retained for costs to implement its local homeless housing plan. From this

combined amount, the county must make distributions to each city that has elected to operate its own homeless housing program. The distributions to cities must be a percentage of the surcharge retained by the county equal to the percentage of the city's local portion of the real estate excise tax. After required distributions to cities are made, counties and cities may use up to 10 percent of their share of the total funding retained or received out of the 30 percent portion of the \$183 document recording surcharge for administrative costs.

Substitute Bill Compared to Original Bill:

The substitute bill restructures the language related to the distribution of the 30 percent portion of the \$183 housing and homelessness document recording surcharge retained by counties to differentiate the distribution process for counties where a city has elected to operate its own homeless housing program compared to counties where a city has not elected to do so.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute 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 cities of Spokane and Spokane Valley have used the provision that allows for cities to operate their own local homeless housing program separate from the program administered by Spokane County. This option has allowed the city of Spokane Valley to solidify partnerships with local providers. There is ambiguity under the current statute about whether the county can collect the 10 percent for administrative costs before or after distributions to cities are made. This ambiguity was introduced when the Legislature consolidated several document recording fee statutes into one statute. As a result, the cities of Spokane and Spokane Valley receive less funding for their local homeless housing programs and for their own administrative costs. Adopting this bill will ensure that more funding goes to homeless services.

(Opposed) None.

(Other) The Washington Association of County Auditors proposes new language to avoid creating a circular formula for the distribution of document recording fee revenues. The new language accomplishes the same policy outcome, but will be simpler to administrate. Previous efforts by the Legislature greatly simplified the collection and distribution of document recording fee revenues, making it less complex to administer. The county auditors wish to avoid creating new complexities and keep the process as simple as

possible. The county auditors have no position on the underlying policy.

Persons Testifying: (In support) Ben Wick, City of Spokane Valley; Kelly Konkright, City of Spokane Valley; and Nick Federici, City of Spokane Valley.

(Other) Vicky Dalton, Washington State Association of County Auditors.

Persons Signed In To Testify But Not Testifying: None.