

SENATE BILL REPORT

HB 1858

As of March 24, 2025

Title: An act relating to eliminating the exemption for assignments or substitutions of previously recorded deeds of trust from the document recording fee and the covenant homeownership program assessment.

Brief Description: Eliminating the exemption for assignments or substitutions of previously recorded deeds of trust from the document recording fee and the covenant homeownership program assessment.

Sponsors: Representatives Scott, Doglio, Mena, Parshley, Street, Cortes, Thai, Simmons, Macri and Ormsby.

Brief History: Passed House: 3/10/25, 51-42.

Committee Activity: Ways & Means: 3/24/25.

Brief Summary of Bill

- Eliminates the exemption for assignments or substitutions of previously recorded deeds of trust from the document recording fee and the Covenant Homeownership Program assessment.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Trevor Press (786-7446)

Background: Housing and Homelessness Document Recording Surcharge. 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;

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.

- 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.

Certain documents are exempt from the \$183 surcharge. Exempted documents include assignments or substitutions of previously recorded deeds of trust; documents recording a birth, marriage, divorce, or death; marriage licenses issued by the county auditor; documents recording a federal, state, county, city, or water-sewer district, or wage lien or satisfaction of lien; and any recorded documents otherwise exempted from a recording fee or additional surcharge under state law.

Covenant Homeownership Program Assessment. The Covenant Homeownership Program (CHP) is administered by the Washington State Housing Finance Commission (HFC), and provides special purpose credit programs, such as down payment and closing cost assistance, to benefit certain economically disadvantaged classes of persons as identified in a study conducted by HFC. Applicants for assistance must have a household income at or below 100 percent of the area median income; be a first-time home buyer; and be a Washington resident who either: (1) was a state resident on or before the enactment of the federal Fair Housing Act on April 11, 1968, and was or would have been excluded from homeownership in Washington by a racially-restrictive real estate covenant, or (2) is a descendent of such a person.

Funding for CHP is provided from a \$100 assessment on certain documents recorded by county auditors. Revenues from the assessment are deposited into the Covenant Homeownership Program Account (Account), and expenditures from the Account are used by Commerce to contract with HFC to administer CHP.

Certain documents are exempted from the \$100 CHP assessment. Exempted documents include assignments or substitutions of previously recorded deeds of trust; documents recording a birth, marriage, divorce, or death; marriage licenses issued by the county auditor; documents recording a name change order; documents recording a federal, state, county, city, or water-sewer district, or wage lien or satisfaction of lien; and any recorded documents otherwise exempted from a recording fee or additional assessments under state law.

Summary of Bill: The exemption for assignments or substitutions of previously recorded deeds of trust is removed from the \$183 housing and homelessness document recording surcharge, and from the \$100 Covenant Homeownership Program assessment.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Counties are responsible for creating plans to support homelessness. The local document recording fee is a primary revenue source for these plans but has seen significant shortfalls over the past few years. This bill helps avoid decreasing service levels. There is a significant shortfall in funding for homelessness services. This bill helps with this shortfall and helps remove an unfair exemption. We have an affordable housing shortfall. This bill will make it easier for our most vulnerable neighbors to get the support they need. This bill is a long-term solution.

Persons Testifying: PRO: Curtis Steinhauer, Washington State Association of Counties; Michele Thomas, Washington Low Income Housing Alliance; Sarah Dickmeyer, Plymouth Housing.

Persons Signed In To Testify But Not Testifying: No one.