

Multiple Agency Fiscal Note Summary

Bill Number: 2166 S HB	Title: Affordable housing/surcharge
-------------------------------	--

Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Community, Trade, and Economic Development	0	31,200,000	0	31,200,000	0	31,200,000
Total \$	0	31,200,000	0	31,200,000	0	31,200,000

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Community, Trade, and Economic Development	3.9	0	31,200,000	3.9	0	31,200,000	3.9	0	31,200,000
Total	3.9	\$0	\$31,200,000	3.9	\$0	\$31,200,000	3.9	\$0	\$31,200,000

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projeciton showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: John Shepherd, OFM	Phone: 360-902-0538	Date Published: Final
--	-------------------------------	---------------------------------

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 23406

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 2166 S HB	Title: Affordable housing/surcharge	Agency: 090-Office of State Treasurer
-------------------------------	--	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Fund					
Total \$					

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sara del Moral	Phone: 3607867291	Date: 02/23/2009
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/24/2009
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/24/2009
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 02/24/2009

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SHB 2166 creates an additional document recording surcharge to be deposited in the affordable housing for all account. Earnings from investments are credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence different earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2008 Revenue Forecast, the net rate for estimating earnings for FY 10 is 0.62% and FY 11 is 1.56%. Approximately \$6,200 in FY 10 and \$15,600 in FY 11 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SHB 2166 creates an additional document recording surcharge to be deposited in the affordable housing for all account. Earnings from investments are credited to the general fund.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2166 S HB	Title: Affordable housing/surcharge	Agency: 103-Community, Trade & Economic Develop
-------------------------------	--	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
Affordable Housing for All Account-State 12C-1	15,600,000	15,600,000	31,200,000	31,200,000	31,200,000
Total \$	15,600,000	15,600,000	31,200,000	31,200,000	31,200,000

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	3.9	3.9	3.9	3.9	3.9
Fund					
Affordable Housing for All Account-State 12C-1	15,600,000	15,600,000	31,200,000	31,200,000	31,200,000
Total \$	15,600,000	15,600,000	31,200,000	31,200,000	31,200,000

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sara del Moral	Phone: 3607867291	Date: 02/23/2009
Agency Preparation: Laurie Bahr	Phone: 360-725-2935	Date: 02/24/2009
Agency Approval: Will Graham	Phone: 360-725-2854	Date: 02/24/2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 02/24/2009

Request # 126-400-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Differences between the substitute bill and the original bill:

The changes in the substitute bill only affect the responsibilities of local governments.

Summary of the substitute bill:

Section 1 requires county auditors to charge an additional surcharge of \$12.00 for each document recorded under RCW 36.22.178, 36.22.179 and 36.22.1791 in addition to any other charge allowed by law and remit 100% of those surcharges to the state treasurer for deposit in the affordable housing for all account.

The Department of Community, Trade and Economic Development (CTED) must use the funds in that account to provide affordable housing and shelter for low-income and homeless persons which may include: grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; emergency assistance; overnight youth shelters; independent youth housing and emergency shelter assistance; grants for community housing for persons with mental illness, mobile home relocation, funding for the homeless families services fund, and grants to housing authorities under RCW 35.82.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The number of recordings with the county auditors varies annually, depending primarily on the strength of the residential mortgage market. Because we do not have a reliable indicator of the future change in that sector of the economy, future cash receipts from the collection of the additional \$12 surcharge by the county auditors are based on the 2008 level of recorded documents (approximatly 1,300,000 documents).

FY10-15 \$15,600,000 each fiscal year.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1

FTE Salary and Benefits:

CTED estimates 2.0 FTE CTED Specialist 3, 1.0 FTE CTED Specialist 1 and 0.5 FTE Office Assistant 3 in each fiscal year for reviewing, awarding, monitoring, and administering grants for affordable housing projects.

FY10-15 \$267,081 each fiscal year

Request # 126-400-2

Bill # 2166 S HB

Goods and Services (G & S):

FY10-15 \$129,919 each fiscal year

-standard G&S: \$119,695

-space and utilities: \$10,224

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Personnel charges, and CTED agency administration. CTED administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desktop and network support services; facilities management services; public affairs services; policy and risk management services; and other support services.

Travel:

CTED estimates 18 days of travel per year with average round trip mileage of 400 per day, 18 days per diem, and 6 days lodging for overnight trips to monitor contractors and projects.

FY10-15 \$2,826 each fiscal year

Capital Outlay:

CTED estimates four standard workstations (each with office chair, computer, monitor and telephone) in FY10 and replacement of computers and monitors in FY13.

FY10: \$13,200

FY13: \$4,116

Grants:

CTED estimates that the following amounts would be disbursed as grants in each respective fiscal year:

FY10: \$15,186,974

FY11: \$15,200,174

FY12: \$15,200,174

FY13: \$15,196,058

FY14: \$15,200,174

FY15: \$15,200,174

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	3.9	3.9	3.9	3.9	3.9
A-Salaries and Wages	202,050	202,050	404,100	404,100	404,100
B-Employee Benefits	65,031	65,031	130,062	130,062	130,062
E-Goods and Services	129,919	129,919	259,838	259,838	259,838
G-Travel	2,826	2,826	5,652	5,652	5,652
J-Capital Outlays	13,200		13,200	4,116	
N-Grants, Benefits & Client Services	15,186,974	15,200,174	30,387,148	30,396,232	30,400,348
Total:	\$15,600,000	\$15,600,000	\$31,200,000	\$31,200,000	\$31,200,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
CTED SPEC 2	55,836	1.0	1.0	1.0	1.0	1.0
CTED SPEC 3	64,740	2.0	2.0	2.0	2.0	2.0
OFF ASST 3	33,468	0.5	0.5	0.5	0.5	0.5
Various Administrative Services	55,478	0.4	0.4	0.4	0.4	0.4
Total FTE's	209,522	3.9	3.9	3.9	3.9	3.9

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Agency Administration (100)	176,198	176,198	352,396	352,396	352,396
Housing (400)	15,423,802	15,423,802	30,847,604	30,847,604	30,847,604
Total \$	15,600,000	15,600,000	31,200,000	31,200,000	31,200,000

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 2166 S HB	Title: Affordable housing/surcharge
-------------------------------	--

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties: Moderate (greater than \$50,000) as a result of increased staff time to implement the change in recorded document fees and apply to the Washington State Quality Award Program once every three years if they meet the conditions of the legislation..
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Costs as a result of increased staff time to implement the change, reconcile accounts, and field customer questions.
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Alice Zillah	Phone: 360-725-5035	Date: 03/03/2009
Leg. Committee Contact: Sara del Moral	Phone: 3607867291	Date: 02/23/2009
Agency Approval: David Elliott	Phone: (360) 725 5033	Date: 03/03/2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 03/03/2009

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

DIFFERENCES BETWEEN THIS VERSION AND PREVIOUS VERSION OF THE BILL:

The amendment adds a requirement that beginning in 2012, local governmental entities must submit to a Washington State Quality Award Program assessment at least once every three years if they receive at least \$300,000 in funding from any combination of the following sources in a given year: (1) the surcharge authorized in this bill; (2) the AHFA Surcharge; (3) the HHA surcharges; (4) state housing-related funding sources; and (5) any other housing surcharge.

SUMMARY OF PREVIOUS VERSION OF THE BILL:

Section 1 directs county auditors to charge an additional surcharge of \$12 for each document recorded, in addition to any other charge allowed by law. 100 percent of the funds collected will be remitted to the Office of the State Treasurer for deposit in the Affordable Housing for All account, to be used for housing-related activities for low-income and homeless persons.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

DIFFERENCES BETWEEN THIS VERSION AND PREVIOUS VERSION OF THE BILL:

The new version adds a requirement that beginning in 2012, local governmental entities must submit to a Washington State Quality Award (WQSA) Program assessment at least once every three years if they receive at least \$300,000 in funding from any combination of housing-related surcharges or state housing funds, including the \$12 per recorded document surcharge enacted by the legislation.

Currently, data from the CTED Housing Division indicates that 19 counties receive over \$300,000 in housing-related funds per year. The Local Government Fiscal Note (LGFN) program assumes that this number would increase as a result of the new surcharge in the legislation, but the number of new counties that would receive more than \$300,000 per year is not immediately known.

Four recent recipients of the WQSA were contacted to see if they could provide information about the staff time involved in the application process. The two recipients who responded wrote that the amount of time for staff and management was significant but could not estimate associated dollar figures.

The WQSA provided information about the amount of staff time they estimate is required to write an application. It can vary from 24 hours for an agency with a single focus to over 200 hours for an agency with many complex programs. The director noted that these estimates only include writing time, and assumes the necessary information is available and consistent. The WSQA recommends that at least one person from an applicant jurisdiction attend one or more workshops related to quality management prior to or during the application process. The cost of training ranges from \$110 to \$350 per person per class.

Additionally, the WSQA requires that any agency that applies for an award assigns at least two persons to serve as examiners. Examiners receive certification through WSQA. The estimated average time commitment of examiners is 125 hours, from a range of 44 to 202 hours. Of this time, the examiners generally contribute approximately 50% of their own time and 50% organizational time (WQSA). In addition, each agency would be required to pay training costs of approximately \$350. Scholarships for examiners are available through WSQA. Exceptions and reductions to the two examiner contribution may be granted by WSQA upon request. Lastly, agencies are required to pay application fees, ranging from \$650 to \$5,000 depending on the number of employees and whether the application is considered a full one.

Due to the range of variables involved, LGFN estimates that the costs to a county to complete the WQSA application process can range from a low end of \$2,490 to a high end of \$14,730, depending on the amount of staff time and corresponding salary range, the cost of workshop(s) attended, the time needed for a jurisdiction's designated examiners, and the application fee. If the 19 counties that currently receive more than \$300,000 per year were responsible for the average cost of an application based on these estimates (\$8,610), the costs would total \$163,590 every three years.

SUMMARY OF PREVIOUS VERSION OF THE BILL:

The legislation would have an indeterminate, but likely moderate (greater than \$50,000 per year), impact on counties.

County auditors reported that updating their systems for a new fee requires coordination between their staff, financial staff, and the county treasurer's office, for approximately three hours. The average hourly salary for an auditor is \$33.61; for a treasurer, \$32.02; and for a senior accountant, \$30.16. Thus, the combined cost for all three for three hours would be approximately \$287, resulting in statewide costs of \$11,207 (\$287.37 x 39 counties).

Counties reported that while the actual time to make the change is minimal, a greater amount of staff impact occurs in the weeks and months afterward, because of the work required to reconcile reports from different systems and locate discrepancies. Two counties reported the amount of staff time to reconcile accounts and contact customers about errors would average about three weeks of the auditor's time, or approximately \$4,229. If we assume this is an average figure statewide, the total costs would be \$164,931.

Due to the variance between counties, the total costs to implement the fee are indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The legislation would have no revenue impact for local government. None of the funds collected would be retained by the counties, as the bill mandates that 100 percent of the funds will be remitted to the Office of the State Treasurer.

SOURCES

Washington Association of County Officials
Association of Washington Cities 2008 Salary and Benefit Survey
Spokane County
Yakima County
Department of Community, Trade, and Economic Development Housing Division
Washington State Quality Award Program
Lynden School District
City of Bellevue



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
2166 S HB	Affordable housing/surcharge

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts (Dollars in Thousands)

Agency Name	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Community, Trade & Economic Develop	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	156,000,000
Community,Trade and Econ Dev-Local	0	0	0	0	0	0	0	0	0	0	0
Total	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	156,000,000



Ten-Year Analysis

Bill Number 2166 S HB	Title Affordable housing/surcharge	Agency 090 Office of State Treasurer
---------------------------------	--	--

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Fee	Acct Code											
-------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Biennial Totals

Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: February 24, 2009
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: February 24, 2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 2/24/2009 12:02:12PM



Ten-Year Analysis

Bill Number 2166 S HB	Title Affordable housing/surcharge	Agency 103 Community, Trade & Economic Develop
---------------------------------	--	--

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimates

☐ **No Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Fee	Acct Code	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Surcharge on Recorded Documents	12C	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000	156,000,000
Biennial Totals		31,200,000		31,200,000		31,200,000		31,200,000		31,200,000		156,000,000

Agency Preparation: Laurie Bahr	Phone: 360-725-2935	Date: February 24, 2009
Agency Approval: Will Graham	Phone: 360-725-2854	Date: February 24, 2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 2/24/2009 12:02:12PM