Multiple Agency Fiscal Note Summary

Bill Number: 2578 2S HB PL	**Title:** Housing options

Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Office of Attorney General	0	26,235	0	28,794	0	23,996
Department of Commerce	0	1,500,000	0	3,000,000	0	3,000,000
Total $	**0**	**1,526,235**	**0**	**3,028,794**	**0**	**3,023,996**

Local Gov. Courts *						
Loc School dist-SPI						
Local Gov. Other **		2,418,000		4,836,000		4,836,000
Local Gov. Total		2,418,000		4,836,000		4,836,000

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	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
Office of Attorney General	.1	0	26,235	.1	0	28,794	.1	0	23,996
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	**0.1**	**$0**	**$26,235**	**0.1**	**$0**	**$28,794**	**0.1**	**$0**	**$23,996**

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **			2,418,000			4,836,000			4,836,000
Local Gov. Total			2,418,000			4,836,000			4,836,000

Estimated Capital Budget Impact

NONE

Prepared by: Gwen Stamey, OFM	**Phone:** (360) 902-9810	**Date Published:** Final 3/16/2018

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

** See local government fiscal note

FNPID: 53061

Individual State Agency Fiscal Note

Bill Number: 2578 2S HB PL	Title: Housing options	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:

NONE

Estimated Capital Budget Impact:

NONE

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:		Phone:	Date: 03/07/2018
Agency Preparation:	Dan Mason	Phone: 360-902-9090	Date: 03/07/2018
Agency Approval:	Dan Mason	Phone: 360-902-9090	Date: 03/07/2018
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 03/12/2018

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.

E2SHB 2578 PL creates the landlord mitigation program account, coupled with the general fund as the recipient of the earnings from investments.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. Two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings. Based on the February 2018 revenue forecast, assume approximately $10,300 in FY 18, $17,800 in FY 19, $25,400 in FY 20 and $30,800 in FY 21 in net earnings would be gained or lost annually for every $1 million shift in average daily cash balances.

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. 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

NONE

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: 2578 2S HB PL	Title: Housing options	Agency: 100-Office of Attorney General

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Legal Services Revolving Account-State 405-1		26,235	26,235	28,794	23,996
Total $		26,235	26,235	28,794	23,996

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.2	0.1	0.1	0.1
Account					
Legal Services Revolving Account-State 405-1	0	26,235	26,235	28,794	23,996
Total $	0	26,235	26,235	28,794	23,996

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/07/2018
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 03/15/2018
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 03/15/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/16/2018

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.

Section 1 adds a new section to RCW 59.18 imposing various restrictions on landlords based on a tenant's source of income. A civil penalty is authorized for violating this section.

Section 2 adds a new section to RCW 43.31 creating, subject to the availability of funds, the landlord mitigation program administered by the Department of Commerce (COM). Various requirements applying to reimbursements are provided. A report must be made to the Legislature by January 1, 2021.

Section 3 adds a new section to RCW 43.41 creating the landlord mitigation program account in the custody of the state treasurer.

Section 4 amends Laws of 2017, 3rd Sp. Sess., ch. 4, § 1028 pertaining to Commerce's budget appropriation.

Section 5 amends RCW 36.22.178 to increase the surcharge in that statute to $13 (from $10) and require the additional $3 to be deposited into the landlord mitigation program account.

Section 6 provides that Section 1 takes effect September 30, 2018.

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.

Cash receipts are assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is COM. The AGO will bill the client for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

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.

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on July 1, 2018.

2. Scheduled pay raises in July 2018 and January 2019 are included in these projections.

3. The AGO assumes the new Landlord Mitigation Program Account funding will not be used for agency legal services.

Assumptions for the AGO Agriculture & Health (AHD) Legal Services for COM:

1. The AGO will bill COM for legal services based on the enactment of this bill.

2. If this legislation is enacted, it will create a new Landlord Mitigation Program in COM.

3. The AGO anticipates COM will process an average of 500 reimbursement claims annually and perform on site inspections of 20% of housing units.

4. Multiple novel fact scenarios in reimbursement requests are anticipated, requiring evaluation against statutory requirements for reimbursements.

5. This bill will require COM to formulate policy, or rules in FY 2018. Any necessary advice will be provided within existing resources.

6. FY 2019, 200 AAG hours will be required to provide legal advice and guidance related to the new program.

7. In FY2020 and FY2021, 100 AAG hours each year will be required to provide legal advice and guidance related to the new program.

8. In FY 2022 and subsequent years, 90 AAG hours each year will be required to provide legal advice and guidance related to the new program.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.2	0.1	0.1	0.1
A-Salaries and Wages		15,721	15,721	16,896	14,848
B-Employee Benefits		5,472	5,472	5,832	5,176
C-Professional Service Contracts					
E-Goods and Other Services		4,571	4,571	5,794	3,734
G-Travel		186	186	200	172
J-Capital Outlays		285	285	72	66
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$26,235	$26,235	$28,794	$23,996

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 2018	FY 2019	2017-19	2019-21	2021-23
Assistant Attorney General	101,400		0.1	0.1	0.1	0.1
Legal Assitant III	50,496		0.1	0.0		
Total FTEs			0.2	0.1	0.1	0.1

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Agriculture & Health (AHD)		26,235	26,235	28,794	23,996
Total $		26,235	26,235	28,794	23,996

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

Individual State Agency Fiscal Note

Bill Number: 2578 2S HB PL	**Title:** Housing options	**Agency:** 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Landlord Mitigation Account-State NEW-1		1,500,000	1,500,000	3,000,000	3,000,000
Total $		1,500,000	1,500,000	3,000,000	3,000,000

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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:		Phone:	Date: 03/07/2018
Agency Preparation:	Ann Campbell	Phone: 360-725-3153	Date: 03/12/2018
Agency Approval:	Joyce Miller	Phone: 360-725-2723	Date: 03/12/2018
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 03/16/2018

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 engrossed second substitute bill and the second substitute bill:

Section 2(1) adds language regarding claims; landlord mitigation and to low-income tenants using a housing subsidy program.

Section 2(1)(a) changes the language from contributes to pay regarding the $500 the landlord is responsible for in order to recover up to $1,000 for improvements

Section 2(1)(d) is added that reimbursement for unpaid rent and unpaid utilities provided that the landlord can evidence it to the department's satisfaction.

Section 2(2)(a) removes the reference to RCW 59.18.260

Section 2(2)(d) adds videos to the supporting material list, but not limited to, that the landlord has to submit to the department.

Section 2(4) changes the word "damages" to "claims and indicates that claims and damages may exceed the five thousand dollars, reimbursement may not exceed the five thousand dollars per tenancy.

Section 2(7) adds language that allows the department, in its sole desecration, may use a third party inspector as needed to investigate fraud.

Section (14)(a) adds a definition for "Housing subsidy program," and uses it to replace throughout the document, "source of income is specified in section 1(5) of this act and who is using public rental assistance to pay for rent, such as a housing choice rental voucher" or just "source of income".

Section (14)(b) adds a definition for "Low-Income" and uses it throughout document in referencing the type of tenant.

Summary of the proposed engrossed second substitute bill:

Section 1 (a) prohibits a landlord from refusing to rent based on source of income, providing that a landlord may refuse to lease or rent based on source of income if the tenants' source of income is conditioned on the real property passing inspection, the written estimate of the cost of improvements is more than $1,500, and the landlord has not received moneys from the landlord mitigation program account (account).

Section 2(1) creates the landlord mitigation program at the Department of Commerce (department). The department is given rule-making authority necessary to implement the landlord mitigation program.

Section 2(1)(a) authorizes claims up to $1,000 to the landlord mitigation program for the improvements identified in Section 1(1)(a) after the landlord has paid five hundred dollars, and up to 14 days of loss of rent., The landlord must rent to the tenant whose source of income was conditioned on the real property passing inspection.

Section 2(1)(b) authorizes claims to the landlord mitigation program for damages obtained by judgment against a tenant through either an unlawful detainer proceeding or through a civil action in court of competent jurisdiction after a hearing.

Section 2(1)(c) authorizes claims to the landlord mitigation program for damages established pursuant to subsection 2 of this Section.

Section 2(1)(d) authorizes claims to the landlord mitigation program for unpaid ret and unpaid utilities, provided the landlord can evidence it to the departments satisfaction.

Section 2(2) identifies the activities necessary in order for a claim under subsection (1)(c) of this section is eligible for reimbursement.

Section 2(3) directs the department to make reasonable efforts to determine eligibility for reimbursement within ten business days.

Section 2(4) establishes that five hundred dollars is the minimum damage claim eligible for reimbursement. Reimbursement from landlord mitigation program may not exceed five thousand dollars.

Section 2(5) identifies physical damages, as well as unpaid rent, proven to the department's satisfaction and not to exceed twenty percent of the claim, as eligible claims.

Section 2(6) directs the department to make best efforts to notify the tenant of the amount and the reason for any reimbursement.

Section 2(7) authorizes the department to make property and records inspections related to claims and eligibility determinations, including the use of a third party inspector as needed to investigate fraud.

Section 2(11) requires the department to establish a website that advertises the LMP, the availability of reimbursement from the landlord mitigation program account, and maintains or links to the department's rules and policies established pursuant to this section.

Section 2(13)(a) requires the department to convene a stakeholder group to solicit input and then submit a report by January 1, 2021 on the effectiveness of the program, recommended modifications, and an evaluation of the feasibility to use mitigation funds to provide up to 90-day loans to landlords who have not received timely payments from a housing authority for Section 8 vouchers.

Section 14 provides, for the purposes of this bill, definitions for "Housing subsidy program"; "Low-income"; and "Private market rental unit"

Section 5(1) modifies the document recording fee collected by county auditors from ten dollars to thirteen. Ten dollars of the fee shall be deposited into affordable housing for all account established in 43.185C.190 RCW. Three dollars of the fee shall be deposited into the landlord mitigation account established in Section 3(1) of this act.

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.

Section 5(1) adds three dollars to the existing recording fee under RCW 36.22.178, resulting in an addition of approximately $3 million each biennium in estimated fee revenue that would be deposited in the landlord mitigation account that would be established in section 3 of this bill.

Assumptions: Document recording continue at the rate of about 2,600,000 each biennium. Calculation: (((2,600,000 documents x $13 per document) x 95 percent of funds after local admin fee) x 40 percent of revenue to state) x ($3 mitigation fee / $13 total fee).

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.

The fiscal impact associated with this legislation is indeterminate, as no data exists to support a reasonable set of assumptions regarding number of claims the department will receive.

For illustrative purposes, assumptions for areas of impact are outlined below.

ASSUMPTIONS:

Section 2(1) Program creation and rule-making: The department assumes creation of the program will require rulemaking to establish the program, its eligibility criteria, and process for determining eligibility, as well as a need for a data system to track claims/reimbursements for future reporting requirements. For rule making, the department is assuming four stakeholder meetings, two on either side of the state, with online draft rules available for comment, as well as public meetings. Staff travel, site rental in accordance with OFM meeting requirements, and administrative activities (printing, attorney general costs, outreach, etc.) associated with rule-writing are included in these assumptions.

Sections 2(1)(a)(b)(c), and Section 2(7) Claims processing, reimbursements, and site inspections. The department estimated it will process an average of 500 claims annually. Claims processing and verification for eligibility will require review and verification of submitted documentation, income source of tenant, and verification of completed repairs. The department estimates that it will perform onsite inspections on 20% of claims (100 claims annually).

Section 2(13)(a) The department must convene stakeholders, seek their input, and submit a report on the effectiveness of the program and recommended modifications by January 1, 2021.

0.3 FTE Commerce Specialist 5 (600 hours FY19 and 209 hours annually FY19-23) to develop policies, standards for eligibility, engage stakeholders statewide, produce technical assistance guidance, work with the attorney general office to review policies to ensure the department is following legal requirements in regards to eligible payments to individuals/for profit entities, and write rules.

1.5 FTE Commerce Specialist 3s (3,132 hours annually FY19-23) to provide and build capacity around solicitation, origination, management and monitoring of the landlord mitigation program. Develop reimbursement tools for processing claims. Claims processing/verification for eligibility will require review and verification of submitted documentation, income source of tenant, and verification of completed repairs.

Compliance includes site visits and corresponding compliance reports. Assist senior management with developing policies and writing rules and coordinating the state's role with respect to the implementation of the program. The bill requires a ten-day funding determination by the department. The determination requires non-automated evaluation, thus additional staffing is necessary.

0.2 FTE Administrative Assistant 3 (418 hours annually FY19-23) to provide program data analysis, create records processes and update database. Provide technical support (reviewing plans, RCWs, policies, statements of work, review criteria) to Commerce Specialist 3 and senior–level staff or managers.

0.1 FTE Information Technology Specialist 2 (209 hours FY19) provide support for database creation and manage the software vendor contract. This system must accommodate the following: Recordkeeping, IT security, management of confidential tenant and landlord information, claims processing records, etc.

0.2 Management Analyst 4 (418 hours FY19, and 209 hours in FY21) will assist in developing and coordinating the rule making process (FY19), and convene stakeholders and coordinate the legislative report on the effectiveness of the program and modifications recommended by January 1, 2021 (FY21). This position will research, analyze, evaluate data, and coordinate with and convene stakeholders. This position will also assist with coordinating the rule-writing activities.

There will be a heavier use of staff during the initial years of the program due to rule writing, program setup, and stakeholder meetings. Once the first 2 years are completed, it is assumed that the program will stabilize at the lower staffing level needs.

Salaries and Benefits
FY19 $223,539
FY20 $181,347
FY21 $184,588
FY22-23 $174,733 (each FY)

Assumptions for Goods, Services, Equipment and Travel:

FY19
Database – the department assumes it will need to purchase (modify if necessary), a software system to maintain individual/tenant claims records, amount paid out to landlords and comprehensive reporting capacity. Note: the existing agency contract database will not accommodate this need. It is estimated $20,000 is needed.

Attorney General Office costs: The department will work with the Attorney Generals
Office to write policies and rulemaking for legal compliance with existing state law. (200 hours at $200 per hour)

Travel costs (meals/lodging/motor pool use) associated with rule making.

Program creation: the department estimates 10 days of travel.

FY19 - FY23
Claim processing, monitoring and inspecting - the department estimates 100 site visits including 70 overnight trips annually (500 claims X 20% = 100)

FY20
Costs associated to stakeholder meetings and report production.

Contracts
FY19 $20,000

Goods, Services, Equipment and Travel
FY19 $232,850
FY20 $91,756
FY21 $92,395
FY22-23 $88,145

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs
FY19 $456,389
FY20 $273,103
FY21-FY23 $262,878

Part III: Expenditure Detail

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.

Section 2(1) authorizes the department to enact rule-making to administer the landlord mitigation program.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2578 2S HB PL	**Title:** Housing options

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

Legislation Impacts:

- [ ] Cities:
- [X] Counties: County affordable housing programs and county auditors and recording offices
- [ ] Special Districts:
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [ ] Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2018	FY 2019	2017-19	2019-21	2021-23
County		2,418,000	2,418,000	4,836,000	4,836,000
TOTAL $		2,418,000	2,418,000	4,836,000	4,836,000
GRAND TOTAL $					12,090,000

Estimated expenditure impacts to:

Jurisdiction	FY 2018	FY 2019	2017-19	2019-21	2021-23
County		2,418,000	2,418,000	4,836,000	4,836,000
TOTAL $		2,418,000	2,418,000	4,836,000	4,836,000
GRAND TOTAL $					**12,090,000**

Part III: Preparation and Approval

Fiscal Note Analyst: Donald Whiting	Phone: 360-725-5030	Date: 03/16/2018
Leg. Committee Contact:	Phone:	Date: 03/07/2018
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 03/16/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/16/2018

Part IV: Analysis

A. SUMMARY OF BILL

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

There are no differences between the engrossed second substitute bill as passed by the Legislature and the proposed second substitute bill that affect the fiscal impact to local jurisdictions.

Summary of the engrossed second substitute bill as passed by the Legislature:

Section 5 of this bill increases the affordable housing surcharge from $10 to $13 per recorded instrument. The county retains up to 5 percent of these fees for administration and retains 60 percent of the remainder of these fees for affordable housing programs.

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.

Expenditure impacts will be equivalent to the increased revenue from the additional $3 surcharge per recorded document in section 5 of the bill. According to projections supplied by the Department of Commerce, the county auditors will have up to an additional $195,000 available each fiscal year to offset the cost of administering the collection and allocation of the recording fees and the county will have at least an additional $2,223,000 available each fiscal year for affordable housing programs.

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.

According to projections supplied by the Department of Commerce, an additional $2,418,000 of the revenue collected in document recording fees will be retained by the county in each fiscal year beginning in FY19.

In each fiscal year, the county auditors will retain $195,000 to offset the cost of administering the collection and allocation of the recording fees and the remaining $2,223,000 will be available to the counties for affordable housing programs. The portion of these increased revenues to an individual county would be a function of the number of real estate transactions recorded in that county in a given fiscal year, but would be roughly proportional to the population of that county relative to the population of the entire state.

SOURCES:
Department of Commerce