

Multiple Agency Fiscal Note Summary

Bill Number: 5496 SB	Title: Covenant homeownership prg.
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	3.9	0	0	200,000,000	4.4	0	0	200,000,000	4.4	0	0	200,000,000
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Housing Finance Commission	.0	480,000	480,000	480,000	.0	0	0	0	.0	0	0	0
Total \$	3.9	480,000	480,000	200,480,000	4.4	0	0	200,000,000	4.4	0	0	200,000,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Housing Finance Commission	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

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Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Preliminary 2/13/2023
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Individual State Agency Fiscal Note

Bill Number: 5496 SB	Title: Covenant homeownership prg.	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating 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: Riley Bengé	Phone: 360-786-7316	Date: 01/24/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/27/2023

Part II: Narrative Explanation

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

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

SB 5496 creates the covenant homeownership program account and allows the account to retain its earnings from investments.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5496 SB	Title: Covenant homeownership prg.	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.7	3.2	3.9	4.4	4.4
Account					
Covenant Homeownership Program Account-State New-1	100,000,000	100,000,000	200,000,000	200,000,000	200,000,000
Total \$	100,000,000	100,000,000	200,000,000	200,000,000	200,000,000

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: Riley Bengé	Phone: 360-786-7316	Date: 01/24/2023
Agency Preparation: Ann Campbell	Phone: 360-725-3153	Date: 02/12/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/12/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/13/2023

Part II: Narrative Explanation

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

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

Section 2 creates a new \$100 surcharge for each document recorded by county auditors, with some documents exempted. 1% collected may be retained by the county auditors with the balance remitted to the Covenant Homeownership Program Account (CHPA) created in Section 4.

Section 4 creates the CHPA. Moneys in the CHPA may be appropriated by the legislature as follows: one percent (1%) to the department of commerce (department) for costs related to: contracting with the Washington state housing finance commission (commission) to administer one or more contracts to design, develop, implement, and evaluate one or more special purpose credit programs authorized in Section 6, and the oversight committee created in Section 7, and outreach and stakeholder engagement, and other administrative, data collection, and reporting costs.

The remaining moneys in the account may be appropriated by the legislature to the department to contract with the commission for the program established in Section 6.

Section 5 directs the commission to

1. Requisition the covenant homeownership program (CHP) study to document: past and ongoing discrimination against black, indigenous, and people of color and other historically marginalized communities (BIPOCHMC), impacts of prior and ongoing discrimination against BIPOCHMC including access to credit and other barriers to homeownership, analyze whether and to what extent existing programs and race-neutral approaches have been insufficient to remedy discrimination and its impacts, evaluate and recommend potential programmatic and policy changes to remedy documented discrimination and its impacts, to include one or more special purpose credit programs, using evidence-based documentation, identify the economically disadvantaged classes of persons needing down payment and closing cost assistance in order to reduce racial disparities in homeownership rates. The classes may share one or more common characteristics such as race, national origin, or gender.

Identify methodology to identify efficacy of program and policy changes over time.

2. Submit a copy of the CHP study to the appropriate committees of the legislature and post to the commission's website by December 31, 2023.

3. Every five (5) years, the commission shall complete an updated CHP study reevaluating the findings and recommendations contained in the initial CHP study and subsequent studies, document experience of program participants, evaluate the efficacy of the special purpose credit program(s), and recommend program modifications and improvements. The updated CHP studies shall be published every five (5) years starting December 31, 2028, on the Commission's website and provided to the appropriate committees of the legislature. The board of the Commission shall review each study and consider the evidence-based documentation and recommendations in designing and implementing program amendments.

Section 6 directs the department to contract with the commission to design, develop, implement, and evaluate one or more special purpose credit programs (SPCP) to provide down payment and closing cost assistance. The commission is authorized to use one percent (1%) of the contract funding for administrative costs including but not limited to complete the initial CHP study identified in Section 5. The commission is authorized to use one percent (1%) of the contract funding to provide targeted education, homeownership counseling, and outreach about SPCPs created under Section 6 to BIPOCHMC and relevant affinity groups for mortgage lenders. The contract must authorize the remaining funding to be used by the commission to provide down payment and closing cost assistance to program participants. These funds are specifically prohibited from being used for any other purpose.

Section 7 the department is directed to establish a Class One board pursuant to RCW 43.03.220 consisting of 12 members

as an oversight committee for the Commissions' activities and performance related to the SPCPs authorized in Section 6. The committee is comprised of four members of the legislature (2 from each chamber's largest caucuses), a designee of the Office of Equity, and seven uniquely qualified appointees by the governor to provide geographic, lived experience, and technical experience with unlawful exclusions contained in racially restrictive real estate covenants in the real estate, lending, and development professions. Committee members shall serve three-year terms, subject to no more than one additional three-year term. Committee members shall develop rules to provide for the subsequent staggering of terms expiring so that no more than a third of the terms expire annually. The Committee may make recommendations to the legislature regarding the program. The Department may provide stipends to Committee members with low-incomes or who have lived experience as authorized under RCW 43.03.220. The Department and the Commission shall work together to supply information necessary for the committee to carry out its duties. The Department shall provide administrative assistance and staff support.

Section 8 authorizes the collection of the \$100 document recording fee created in Section 2.

Section 9 Establishes the CHPA in RCW 43.84.092, the version effective until July 1, 2024. This is an interest-bearing account that allows for the receipt of appropriated funds, loan repayments, and loan payoffs.

Section 10 Establishes CHPA in RCW 43.84.092, the version effective July 1, 2024.

Section 11 names this act the covenant homeownership account and program act.

Section 12 establishes Sections 1 and 3 through 7 as a new chapter in Title 43 RCW.

Section 13 establishes that any part of the act found in conflict with the allocation of federal funds to the state is inoperative to the extent of the conflict, while the remainder of the act remains in full force and effect. States that rules adopted under this act must meet federal requirements that are necessary for the state to receive federal funds.

Section 14 establishes that any part of the act found to be invalid, that the remainder of the act remains in full force and effect.

Section 15 Specifies that Section 9 expires on July 1, 2024.

Section 16 Enacts Section 10 July 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Forecasting document recording fees is difficult due to a rapid decline in real estate transactions and refinancing of mortgages.

A return to historic home sales levels is likely during the 2023-25 biennium but return to a historic rate of refinancing is less likely.

For illustrative and planning purposes, it is likely that a least 1,000,000 documents will be recorded each year, with a \$100 surcharge (1,000,000 X \$100 = \$100,000,000) to be distributed as follows:

FY24-FY29: covenant homeownership program account: \$100,000,000 per fiscal year.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department assumes costs are indeterminate and subject to an available amount of appropriation is not stated.

For Illustrative Purposes Only:

Assumptions: \$100,000,000 document recording fees per fiscal year; \$200,000,000 per biennium, will be deposited in the Covenant Homeownership Program Account (CHPA) created in Section 2. Funds from the account will be appropriated through the Capital Budget appropriation process as identified in Section 4 of the bill.

The department will contract using an interagency agreement with the commission to provide down payment and closing cost assistance through one or more special purpose credit programs administered by the commission as directed in Section 6.

The department will establish a committee to oversee the commissions work and review the commission's activities and performance related to the special purpose credit programs (SPCPs) established in Section 6. The department will provide stipends in accordance with RCW 43.03.220 to individuals with low incomes or who have lived experience to support their committee participation.

To establish the oversight committee and to enact an interagency agreement reflective of the bill's desired outcomes, staffing will be needed for these activities.

Cost Narrative

0.4 FTE WMS Band 3 (1,036 hours) FY24-FY25, 0.2 FTE (518 hours) FY 26, 0.1 FTE (209 hours) FY27-FY29 to provide strategic leadership to the committee on dismantling historic, systemic racist practices and discriminatory policies impacting the rates of homeownership by black, indigenous, and people of color.

1.0 FTE Program Specialist 5 (2,088 hours) FY24, 0.5 FTE (1,044 hours) FY25, 1.0 FTE (2,088 hours) FY26-FY29 to co-lead and support the committee's public and private outreach work including coordinating with community organizations to ensure community driven ideas and priorities are included in the SPCPs development and implementation, and working with other public, private, and institutional funding organizations to explore opportunities to leverage additional public and private funding sources.

1.0 FTE Management Analyst 5 (2,088 hours) FY24, 0.5 FTE (1,044 hours) FY25, 1.0 FTE (2,088 hours) FY26-FY29 to support the committee's strategic and creative thinking for longer-term impacts on the rates of homeownership in the communities being served with this funding.

1.0 FTE Management Analyst 4 (2,088 hours) FY24-FY29 to provide expert level analyses to the committee, the department, and external customers regarding the highly complex, multidimensional barriers to homeownership.

1.0 FTE Administrative Assistant 3 (2,088 hours) FY24, 0.5 FTE (1,044 hours) FY25, 1.0 FTE (2,088 hours) FY26-FY29 to provide administrative support for meetings, materials, and interagency coordination.

0.25 Budget Analyst 4 (522 hours) FY24-FY29 to track expenditures in the program and help as needed with invoices and corrections.

Salaries and Benefits:

FY24: \$535,490

FY25: \$388,825
 FY26: \$516,984
 FY27-FY29: \$498,633 per year

Goods and Other Services:
 FY24: \$202,790
 FY25: \$422,707
 FY26: \$252,384
 FY27-FY29: \$264,773 per year

Travel:
 FY24-FY29: \$50,544 per year

Equipment and Capital Outlays:
 FY24: \$25,000
 FY27: \$12,000

Inter-agency Reimbursements:
 FY24-FY29: \$99,010,000 per year

Intra-agency Reimbursements:
 FY24: \$176,176
 FY25: \$127,924
 FY26: \$170,088
 FY27-FY29: \$165,050 per year

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

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Summary of Total Costs:
 FY24-FY29: \$100,000,000 per year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
New-1	Covenant Homeownership Program Account	State	100,000,000	100,000,000	200,000,000	200,000,000	200,000,000
Total \$			100,000,000	100,000,000	200,000,000	200,000,000	200,000,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.7	3.2	3.9	4.4	4.4
A-Salaries and Wages	397,677	289,089	686,766	747,954	733,702
B-Employee Benefits	137,813	99,736	237,549	267,663	263,564
C-Professional Service Contracts					
E-Goods and Other Services	202,790	422,707	625,497	517,157	553,546
G-Travel	50,544	50,544	101,088	101,088	101,088
J-Capital Outlays	25,000		25,000	12,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	99,010,000	99,010,000	198,020,000	198,020,000	198,020,000
T-Intra-Agency Reimbursements	176,176	127,924	304,100	334,138	328,100
9-					
Total \$	100,000,000	100,000,000	200,000,000	200,000,000	200,000,000

III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3		1.0	0.5	0.8	1.0	1.0
Budget Analyst 4		0.3	0.3	0.3	0.3	0.3
Management Analyst 4		1.0	1.0	1.0	1.0	1.0
Management Analyst 5		1.0	0.5	0.8	1.0	1.0
Program Specialist 5		1.0	0.5	0.8	1.0	1.0
Washington Management Services Band 3		0.4	0.4	0.4	0.2	0.1
Total FTEs		4.7	3.2	3.9	4.4	4.4

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Expenditures from the CHPA must be appropriated through the capital budget process.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 13 states that rules adopted under the act must meet federal requirements necessary for the state to receive federal funds.

Department of Revenue Fiscal Note

Bill Number: 5496 SB	Title: Covenant homeownership prg.	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

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: Riley Bengé	Phone: 60-786-7316	Date: 01/24/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 01/27/2023
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/27/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/27/2023

Request # 5496-1-1

Part II: Narrative Explanation

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

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

This fiscal note only addresses section 2 that impacts the Department of Revenue (department).

CURRENT LAW:

County auditors collect applicable fees and surcharges required by law to record documents.

PROPOSED LAW:

This bill requires county auditors to collect a \$100 covenant homeownership program assessment for each document recorded. This assessment is in addition to current charges required by law. Documents exempt from this assessment are:

- Assignments or substitutions of previously recorded deeds of trust.
- Documents recording a birth, marriage, divorce, or death.
- Documents otherwise exempted from a recording fee or additional assessments under state law.
- 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.

This Department of Commerce in partnership with Washington State Housing Finance Commission use this assessment to help marginalized communities obtain access to credit and homeownership.

The department is exempt from paying county auditors the additional assessment required by this bill to record state liens and satisfaction of liens.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the department.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5496 SB	Title: Covenant homeownership prg.	Agency: 148-Housing Finance Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	480,000	0	480,000	0	0
Total \$	480,000	0	480,000	0	0

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: Riley Bengé	Phone: 360-786-7316	Date: 01/24/2023
Agency Preparation: Lucas Loranger	Phone: 206-254-5368	Date: 02/03/2023
Agency Approval: Lucas Loranger	Phone: 206-254-5368	Date: 02/03/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/03/2023

Part II: Narrative Explanation

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

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

Requires the Housing Finance Commission to contract with the Department of Commerce to design, develop, and implement one or more special purpose credit programs. The programs would be funded by a new \$100 document recording fee collected by county auditors and deposited with the State Treasurer's Office. Up to 1% of the funds appropriated from those fees is allowed per the statute to cover the Commission's cost to administer the program. We anticipate these activities would necessitate up to two additional FTEs, however as a non-appropriated, non-allocated agency for operating expenses, those would be covered by the 1% allowed. Additionally, the measure requires the Commission to conduct an initial covenant homeownership program study prior to the implementation of the documentation recording fee. Given the delay between when the study must be completed and any potential receipts under the measure for administration, and the possibility for the delay or cancellation of collection of the recording fees, we would seek an appropriation in the budget to cover the anticipated costs for the study. We estimate those costs to be \$480,000

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	480,000	0	480,000	0	0
Total \$			480,000	0	480,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	480,000		480,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	480,000	0	480,000	0	0

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.