

Multiple Agency Fiscal Note Summary

Bill Number: 5386 S SB	Title: Document recording fees
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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
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 2/23/2023
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Individual State Agency Fiscal Note

Revised

Bill Number: 5386 S SB	Title: Document recording fees	Agency: 103-Department of Commerce
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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:

Non-zero but indeterminate cost and/or savings. 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: Melissa Van Gorkom	Phone: 360-786-7491	Date: 02/13/2023
Agency Preparation: Tedd Kelleher	Phone: 360-725-2930	Date: 02/23/2023
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/23/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/23/2023

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.

Differences from substitute and original bill consist of additional reference clean-ups associated with consolidation of the fees and allowable uses and would not meaningfully change existing policy or the policy proposed in the original version of SB 5386.

Summary of substitute bill:

Section 1 adds a new section that consolidates four existing document recording fees used to fund homelessness and affordable housing into a single fee and consolidates allowable activities.

Sections 2-3 would replace references to the existing fees with references to the proposed single fee in Section 1.

Section 4 (previously Section 2) would amend RCW 43.185C.060 removing references to separate fees that are repealed and replaced by a single fee in Section 1 and eliminates an audit of a requirement that was repealed.

Section 5 would replace references to an existing fee and allowable costs with references to the proposed single fee in and allowable costs in Section 1.

Section 6 would replace references to an existing fee with references to the proposed single fee in Section 1.

Section 7 would replace a reference to an existing fee with a reference to the proposed single fee in Section 1.

Section 8 would strike unnecessary references to existing fees proposed for consolidation and replace allowable costs with a reference to the consolidated allowable costs in Section 1.

Section 9 would strike a references and conditions on an existing fee, replacing it with references to the proposed consolidated fee in Section 1.

Sections 10-12 would replace references to existing fees with references to the proposed single fee in Section 1.

Section 13 (previously Section 3) adds a new section that repeals the separate fees that are replaced by a single fee in Section 1.

Section 14 creates a new section that expires, Section 12 (amendments to RCW 84.36.675), on January 1, 2033, which is the date RCW 84.36.675 is set to expire under current law.

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.

Cash Receipts Impact - No change to cash receipt totals:

Section 1 adds a new section that consolidates four existing document recording fees used to fund homelessness and affordable housing into a single fee and consolidates allowable activities.

Section 2 amends RCW 43.185C.060 removing references to separate fees that are repealed and replaced by a single fee in Section 1 and eliminates an audit of a requirement that was repealed.

Section 3 adds a new section that repeals the separate fees that are replaced by a single fee in Section 1.

Section 2 amends RCW 43.185C.060 removing references to separate fees that are repealed and replaced by a single fee in Section 1 and eliminates an audit of a requirement that was repealed.

This legislation does not significantly change the allocation of funding or allowable uses; the split of funding under current law, which aligns with the proportions proposed in Section 1 of this bill.

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.

This legislation does not significantly change the allocation of funding or allowable uses; the split of funding under current law, which aligns with the proportions proposed in Section 1 of this bill.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

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.

The following table shows the split of funding under current law, which aligns with the proportions proposed in Section 1 of this bill:

<u>Current RCW</u>	<u>Fee</u>	<u>County's portion (incl. auditor)</u>	<u>Transfer to 10B</u>	<u>Transfer to 12C</u>	<u>Transfer to 22S</u>
36.22.176	\$100.00	0.00%	78.00%	20.00%	2.00%
36.22.178	\$13.00	60.00%	0.00%	30.80%	9.20%
36.22.179	\$62.00	67.30%	32.70%	0.00%	0.00%
36.22.1791	\$8.00	90.00%	10.00%	0.00%	0.00%
TOTAL	\$183.00	30.98%	54.16%	13.11%	1.75%

Assuming 1 million documents recorded annually

	<u>Fee</u>	<u>County's portion (incl. auditor)</u>	<u>Transfer to 10B</u>	<u>Transfer to 12C</u>	<u>Transfer to 22S</u>
Current law	\$183,000,000	\$56,696,000	\$99,104,000	\$24,000,000	\$3,200,000
Proposed law	\$183,000,000	\$56,730,000	\$98,820,000	\$23,790,000	\$3,660,000
Change	\$0	\$34,000	\$284,000	\$210,000	\$460,000

Individual State Agency Fiscal Note

Bill Number: 5386 S SB	Title: Document recording fees	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

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: Melissa Van Gorkom	Phone: 360-786-7491	Date: 02/13/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 02/15/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/15/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/15/2023

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 4 (4) removes the requirement established in 2018 for OFM to secure an independent expenditure review of state funds received into the Home Security Fund account. OFM did not receive funding to conduct this review and therefore, the removal of this requirement has no fiscal impact.

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

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5386 S SB

Title: Document recording fees

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

Legislation Impacts:

- Cities:
- Counties: Indeterminate, but likely minimal, savings in staff time due to consolidation of fees.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Indeterminate costs for county auditors to change processes for document recording fees
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Alice Zillah	Phone: 360-725-5035	Date: 02/21/2023
Leg. Committee Contact: Melissa Van Gorkom	Phone: 360-786-7491	Date: 02/13/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/21/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/22/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

CHANGES BETWEEN THIS VERSION AND PRIOR BILL VERSION:

The changes in the substitute version of the bill do not impact the indeterminate impacts discussed below.

SUMMARY OF CURRENT BILL:

Section 1 adds a new section that consolidates four existing document recording fees used to fund homelessness and affordable housing into a single fee and consolidates allowable activities. A surcharge of \$183 per instrument shall be charged by the county auditor for each document recorded, which will be in addition to any other charge authorized by law.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

The legislation would have indeterminate impacts for county auditors, treasurers, and assessors, as they would need to adjust their procedures to process the new document recording fee and eliminate the ones removed by the legislation. These changes would result in one-time costs. Processes differ from county to county, so it is not possible to estimate total costs.

After the first year, there would be minor, indeterminate savings in staff time due to consolidated processes.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

The legislation would have a negligible impact on local government revenue. Thirty-one percent of the new document recording fee would be allocated to counties; of which the majority would be reserved for housing and homeless programs. Previously, 30.98% of the fees were directed to counties. The difference is not expected to have any practical impact on local government budgets.

SOURCES:

Department of Commerce

Washington State Association of Counties

Clark County Treasurer's Office

Thurston County's Assessor's Office