

Multiple Agency Fiscal Note Summary

Bill Number: 1474 2S HB	Title: Covenant homeownership prg.
--------------------------------	---

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 the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Financial Institutions	2.5	0	0	652,484	2.5	0	0	642,484	2.5	0	0	642,484
Department of Commerce	Fiscal note not available											
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Housing Finance Commission	Fiscal note not available											
Total \$	2.5	0	0	652,484	2.5	0	0	642,484	2.5	0	0	642,484

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 the Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Housing Finance Commission	Fiscal note not available								
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

--

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Preliminary 3/ 3/2023
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 1474 2S HB	Title: Covenant homeownership prg.	Agency: 075-Office of the Governor
--------------------------------	---	---

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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/27/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 02/28/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/28/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/28/2023

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.

Second Substitute HB 1474 creates the Covenant Homeownership Account and program to address the history of housing discrimination due to racially restrictive real estate covenants in Washington State.

Sec 7:

(1) The Department of Commerce ("the department") shall establish an oversight committee. The following members are to be appointed by the governor:

(a) One person who meets the eligibility criteria for the special purpose credit program described in section 6(4) of this act and is from east of the crest of the Cascade mountains;

(b) One person who meets the eligibility criteria for the special purpose credit program described in section 6(4) of this act and is from west of the crest of the Cascade mountains;

(c) One representative of an organization that operates a special purpose credit program, counseling service, or debt relief program that serves persons who were commonly subject to unlawful exclusions contained in racially restrictive real estate covenants as defined in section 3 of this act;

(d) One representative of a community-based organization that specializes in the development of permanently affordable housing that serves persons who were commonly subject to unlawful exclusions contained in racially restrictive real estate covenants;

(e) One representative of the real estate sales profession;

(f) One representative of the home mortgage lending profession who has a minimum of five years' lending or underwriting experience;

(g) One representative of the nonprofit affordable housing development industry;

(2) (a) Members shall each serve a three-year term, subject to renewal for no more than one additional three-year term. The oversight committee shall develop rules that provide for the staggering of terms so that, after the first three years of the committee's existence, the terms of one-third of the members expire each year.

(b) On the expiration of the term of each member, the governor, president of the senate, or the speaker of the house of representatives, shall appoint a successor to serve for a term of three years.

(c) The governor may remove a nonlegislative member of the oversight committee for cause.

The Governor's Office believes appointing these positions will have a minimal, if any, 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.

Individual State Agency Fiscal Note

Bill Number: 1474 2S HB	Title: Covenant homeownership prg.	Agency: 090-Office of State Treasurer
--------------------------------	---	--

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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/27/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/28/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/28/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/28/2023

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.

2SHB 1474 creates the covenant homeownership 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: 1474 2S HB	Title: Covenant homeownership prg.	Agency: 102-Department of Financial Institutions
--------------------------------	---	---

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	2.5	2.5	2.5	2.5	2.5
Account					
Covenant Homeownership Program Account-State NEW-1	331,242	321,242	652,484	642,484	642,484
Total \$	331,242	321,242	652,484	642,484	642,484

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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/27/2023
Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 03/01/2023
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 03/01/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/02/2023

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.

This legislation creates the Covenant Homeownership Program (CHP).

Section 4 creates the covenant homeownership account in the state treasury. The legislature may appropriate up to one percent of moneys in the account to the Department of Commerce for costs related to the administration of the CHP. The legislature may also appropriate a portion of this one percent to the Department of Financial Institutions (DFI) for costs related to the oversight committee created in section 7 of this act.

Section 7 directs DFI to establish the Covenant Homeownership Oversight Committee (the Committee) to oversee the review the commission's activities and performance related to the CHP, including the commission's creation and administration of one or more special purpose credit programs authorized in Section 6 of this act. The oversight committee may, from time to time, make recommendations to the appropriate committees of the legislature regarding the program. DFI may provide administrative assistance and staff support to the oversight committee.

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.

Section 7 directs DFI to establish the Covenant Homeownership Oversight Committee (the Committee). This effort will require:

1.0 FTE of a leadership level employee to provide strategic and technical support to the Committee as it oversees and reviews the Covenant Homeownership Program's activities and performance related to the program, including the Commission's creation and administration of special purpose credit programs authorized under this bill, and support for any recommendations to the legislature.

1.0 FTE of a Communications Consultant 3 to conduct outreach and financial education to the communities served by the Covenant Homeownership Program.

0.5 FTE of a Management Analyst 3 to provide administrative assistance for meetings, materials, and interagency coordination.

As authorized by RCW 43.03.220, DFI may provide a stipend to individuals who are low income or have lived experience to support their participation in the oversight committee, the cost of which is indeterminate.

DFI anticipates that supporting the efforts of the Committee may require DFI to contract for professional expertise. The cost of the contract(s) is also indeterminate.

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	331,242	321,242	652,484	642,484	642,484
Total \$			331,242	321,242	652,484	642,484	642,484

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.5	2.5	2.5	2.5	2.5
A-Salaries and Wages	218,046	218,046	436,092	436,092	436,092
B-Employee Benefits	73,530	73,530	147,060	147,060	147,060
C-Professional Service Contracts					
E-Goods and Other Services	29,666	29,666	59,332	59,332	59,332
G-Travel					
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	331,242	321,242	652,484	642,484	642,484

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
Communications Consultant 3	55,872	1.0	1.0	1.0	1.0	1.0
Covenant Homeownership Oversight Committee Coord	133,044	1.0	1.0	1.0	1.0	1.0
Management Analyst 3	58,260	0.5	0.5	0.5	0.5	0.5
Total FTEs		2.5	2.5	2.5	2.5	2.5

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.

Department of Revenue Fiscal Note

Bill Number: 1474 2S HB	Title: Covenant homeownership prg.	Agency: 140-Department of Revenue
--------------------------------	---	--

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: Jessica Van Horne	Phone: 60-786-7288	Date: 02/27/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 02/28/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/28/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/01/2023

Request # 1474-3-1

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.

Note: This fiscal note reflects language in 2SHB 1474, 2023 Legislative Session.

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

COMPARISON OF THE SECOND SUBSTITUTE BILL WITH THE SUBSTITUE BILL:

This second substitute bill provides the covenant homeownership assessment does not apply to documents recording a name change order.

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 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.
- Name change orders.
- Documents recording a federal, state, county, city, or water-sewer district, or wage lien or satisfaction of lien.

The 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