

Multiple Agency Fiscal Note Summary

Bill Number: 2081 S HB	Title: Home Equity Sharing Agreements
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Estimated Cash Receipts

NONE

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 Financial Institutions	.6	0	0	137,528	.0	0	0	0	.0	0	0	0
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.6	0	0	137,528	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 2/ 6/2024
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Individual State Agency Fiscal Note

Bill Number: 2081 S HB	Title: Home Equity Sharing Agreements	Agency: 102-Department of Financial Institutions
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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	0.0	1.2	0.6	0.0	0.0
Account					
Financial Services Regulation Account-Non-Appropriated 300 -6	0	137,528	137,528	0	0
Total \$	0	137,528	137,528	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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/01/2024
Agency Preparation: Cale Zimmerman	Phone: (360) 902-0507	Date: 02/06/2024
Agency Approval: Emily Fitzgerald	Phone: (360) 902-8780	Date: 02/06/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/06/2024

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 bill revises Chapter 31.04 RCW, the Consumer Loan Act (CLA). Section 1 requires the Department of Financial Institutions (DFI) to conduct a study on home equity share agreements and submit a report to the legislature with DFI's recommendations regarding regulations. The report is due by December 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.

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.

To conduct the study required in this legislation, DFI is estimating that 2.0 Full Time Employees (FTE) will be needed starting July 2024, through December 2024. One FTE will be in the position of a Management Analyst 4 and one FTE will be in the position of a Financial Legal Examiner 3. Both positions would review and analyze home equity share agreements including advertisements, disclosures, and contracts, and prepare a report on DFI recommendations regarding regulations.

Administrative overhead is calculated at 15% of program FTEs using a Program Specialist 4 as a representative position.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
300-6	Financial Services Regulation Account	Non-Appropriated	0	137,528	137,528	0	0
Total \$			0	137,528	137,528	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.2	0.6		
A-Salaries and Wages		93,057	93,057		
B-Employee Benefits		29,724	29,724		
C-Professional Service Contracts					
E-Goods and Other Services		10,247	10,247		
G-Travel		500	500		
J-Capital Outlays		4,000	4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	137,528	137,528	0	0

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
Financial Legal Examiner 3	91,068		0.5	0.3		
Management Analyst 4	74,729		0.5	0.3		
Program Specialist 4	67,720		0.2	0.1		
Total FTEs			1.2	0.6		0.0

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: 2081 S HB	Title: Home Equity Sharing Agreements	Agency: 103-Department of Commerce
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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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/01/2024
Agency Preparation: Hayley Tresenriter	Phone: 360-725-3042	Date: 02/06/2024
Agency Approval: Hayley Tresenriter	Phone: 360-725-3042	Date: 02/06/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2024

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.

Compare of SHB 2081 to the original:

Section 1 was rewritten to remove subsections 1-40.

Section 2 was stricken from SHB 2081.

Summary of SHB 2081:

Section 1: Directs DFI to consult with members from the home equity sharing agreement (HES) industry, consumers, and others to conduct the study and develop recommendations. The Department of Commerce (Department) includes equity sharing in the agreement to grant and loan capital funds to organizations that create homeownership and multi-family housing opportunities. As administrator of the Foreclosure Fairness Program, the Department participates in discussions regarding the oversight of consumer products secured by residential properties. Fiscal impact to the Department is indeterminate and is expected to be incorporated during the customary and routine communications between state agencies.

The Department will serve as a subject matter expert to DFI, and expenditures are expected to be incorporated as part of the normal work between the two state agencies. Therefore, the Department of Commerce assumes 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.

Section 1: The Department will serve as a subject matter expert to DFI, which is expected to be incorporated as part of the routine communicated between the two state agencies related to foreclosure work. Therefore, the Department of Commerce assumes no fiscal impact.

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.