

Capital Budget Committee

HB 3177

Brief Description: Concerning funds for certain affordable housing purposes.

Sponsors: Representatives Nelson, White, Chase, Orwall and Ormsby.

Brief Summary of Bill

- Authorizes the State Finance Committee to issue \$100 million in state general obligation bonds for the Housing Trust Fund program at the Department of Commerce.
- Establishes a \$62 surcharge on each assignment or substitution of a previously recorded deed of trust recorded with a county auditor solely for debt service payments on the bonds.

Hearing Date: 2/8/10

Staff: Susan Howson (786-7142).

Background:

State General Obligation Bonds.

Washington periodically issues general obligation bonds to finance projects authorized in the state capital and transportation budgets. The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for the issuance of all state bonds.

General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. The amount of state general obligation debt that may be incurred is limited by constitutional and statutory restrictions. Debt service is limited to 9 percent of the average amount of general state revenues collected over the previous three years. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Housing Trust Fund.

The Department of Commerce (Department) administers the Housing Assistance Program and the Affordable Housing Program. Both of these programs, commonly referred to as the Housing Trust Fund (HTF), provide loan and grant moneys to eligible organizations to provide housing for low-income and special needs populations. The HTF is available to fund acquisition, new construction, and rehabilitation of low-income housing units. The HTF is primarily funded through a combination of bond appropriations and HTF loan repayments appropriated in the state's capital budget.

Document Recording Surcharges.

County auditors, in addition to other duties, are charged with recording deeds and other written instruments that are filed and recorded in and for the county for which he or she is elected. In addition to the general recording fee of five dollars that is established by statute, county auditors are obligated to impose numerous surcharges, each for a specific purpose or program, upon each recorded instrument. Examples of the surcharges include the following:

- \$5 for historical preservation or programs;
- \$10 for providing shelter and housing through an affordable housing for all account;
- \$30 for local homeless housing and assistance; and
- \$2 for the Washington State Heritage Center.

Summary of Bill:

Housing Trust Fund Bonds.

The State Finance Committee is authorized to issue \$100 million in general obligation bonds (bonds) for the Housing Trust Fund (HTF) program at the Department. Proceeds from the sale of the bonds must be deposited in the Washington State Housing Bond Account and administered by the Office of Financial Management subject to legislative appropriation.

Additional provisions governing the sale of the bonds and the use of the proceeds are specified. The bonds may be issued as taxable bonds if doing so is deemed necessary to comply with requirements of the federal Internal Revenue Service. Any excess revenue must be used for the early retirement of the bonds. Additionally, the Legislature is authorized to provide additional means for raising moneys for the payment of principal and interest obligations for the bonds.

County Auditors - Document Recording Surcharge.

Revenues to retire the principal and interest obligations of the bonds are generated through a \$62 surcharge on each assignment or substitution of a previously recorded deed of trust that is recorded with a county auditor. These funds must be transmitted monthly to the State Treasurer who must deposit them in the HTF. The Department is obligated to use these funds solely for debt service payments on the bonds.

Appropriation.

For the 2009-11 biennium, an appropriation of \$100 million is provided to the Department for the HTF program. Of this total sum, up to \$10 million is for the workforce housing program established in HB 2753 (2010).

Appropriation: The sum of \$100 million from the Washington Housing Bond Account to the Department of Commerce.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.