

2018 Washington State Regular Legislative Session

Escrow Association of Washington

March 10, 2018

# Sine Die- 2018 Legislature Adjourns on Time...

**Sine Dine on Thursday, March 8th-**The House and Senate adjourned around 10:30 PM. Thursday night after passing the state supplemental operating budget late in the day, and passing about 25 bills that were necessary to implement the budget.  This is the first time in 5 years that the Legislature has completed their work on time and have not extended session for another 30 days.

The 2018 session ends the biennium; all legislation that did not pass this year will have to be introduced as a new bill during the 2019 session.  The 2019 session will be a budget-writing year, regular session will last 105-days and the volume of legislation introduced will be greater.

**EAW Legislative Efforts-** EAW’s seasoned lobbying team had the opportunity to actively advocate, as a settlement industry stakeholder for the passage of SB 6057, recording standards commission. Unfortunately, the Senate bill died in House State Gov’t when executive action was not taken. The failure of the bill passing out of committee was not due to lack of lobbying effort on EAW’s part, but was due to lack of consensus among the auditors’ themselves. Senator Kuderer (prime sponsor) is committed to working with stakeholders throughout the interim so an agreement can be worked out, and the bill can be reintroduced during the 2019 session.

**Supplemental Budget Highlights-**The budget includes no new taxes and leaves $2.4 billion in total reserves at the end of the current biennium.  The plan spends more than $776 million to expedite the timeline on fully funding teacher salaries, which lawmakers believe is the last step needed to satisfy a 2012 McCleary ruling that found that K-12 school funding was not adequate. In addition to education funding, the budget also allocates additional money for mental health, heath care and higher education.

**Property Tax Reduction-** The Legislature finally agreed to a one-time property tax reduction for homeowners in 2019.The budget provides a 30-cent cut to statewide property taxes in 2019, with the rate dropping from $2.70 per $1,000 of assessed value to $2.40.

**Other Measures Funded in Budget-**Additional funding provided for other bills include: the use of police deadly force (compromised version of the initiative, and the original will both appear on the November ballot); net neutrality (the first state to enact its own net-neutrality requirements); bump fire stock prohibition (bans the devices that allow a semi-automatic rifle fire more rapidly); Atlantic salmon farming ban (phases out in 2022); abortion insurance coverage (requires insurers who provide maternity coverage to cover elective abortions and contraception in 2019); equal pay between men and women.

**Failed Proposals-**Legislation that lawmakers could not agree on and failed, includes:  Governor Inslee's carbon tax proposal; elimination of the the state death penalty; capital gains tax; lowering the smoking age; semi-automatic rifle purchase age restriction; car tab reduction.

**Final Legislative Action on Bills that Passed-** Measures that successfully passed the Legislature will now move to the governor's office & desk for final review and signature.  The governor has 20 days to take action on a bill once he receives it, after the Speaker & President of the Senate have signed the bill.  Most legislation becomes effective 90 days after the Legislature adjourns, unless otherwise stated.

**Legislation Affecting Recording Documents-**Two bills dealing with real property and recording documents passed the Legislature; both measures were originally introduced in 2017 but failed to pass.

* **E2SHB Homeless housing & assistance-** The bill was highly controversial and was amended numerous times though out the process. The House measure was amended by the Senate, and narrowly passed, with nearly a party-line vote (refer to bill tracker below for floor vote counts). On final passage vote, two Senate Republican’s joined the D’s by voting yea with them and garnering the 50 votes need to pass. The House concurred with the Senate changes.

**Brief Summary:** (1) Increases the temporary $40 document recording surcharge fee to $62 and makes it permanent. (2) Reserves ten dollars of the sixty-two dollar document recording surcharge specifically for use by counties to implement homeless housing and assistance programs and achieve local homeless housing plan goals and to not be subject to the state's portion of the surcharge. (3) Removes provisions authorizing counties and certain cities to charge and collect an additional $50 document recording surcharge fee. (4) Authorizes counties issuing general obligation bonds for homeless housing and assistance purposes to pay off such bonds with document recording surcharge funds. (5) Amends additional RCWs to achieve consistency with modifying the state and local homeless housing plans to be five-year plans instead of ten-year plans. **Effective Date: 90 days after adjournment of session- June 7, 2018**

* **2ESHB 2057 Concerning the services and processes available when residential real property is abandoned or in foreclosure-** Another ‘hold-over” bill from last session that deals with notice of trustee's sales (NOTS) on noncommercial loans on residential real property. The House measure was amended by the Senate; the House concurred with Senate changes.

**Brief Summary-** (1) Raises the amount of the required beneficiary remittance, to the Department of Commerce for deposit into the Foreclosure Fairness Account, from $250 to $325 for every recorded notice of trustee's sale (NOTS) on a noncommercial loan on residential real property. (2) Requires that a NOTS cover sheet clearly indicate the name of the beneficiary and whether the loan is commercial or noncommercial, and requires the auditor to index each NOTS by beneficiary in addition to any other indexing requirements. (3) Requires that the trustee have proof, in the form of a declaration, that the beneficiary is the holder (rather than the owner) of any promissory note secured by the DOT, and that this declaration be transmitted to the borrower and grantor; specifies information that must be included on the first page of the notice of default, including the current beneficiary, mortgage servicer, and trustee. (4) Requires additional indexing requirements be on notices of trustee’s sale (NOTS), which the auditor will index. **Effective Date: 90 days after adjournment of session- June 7, 2018**

**DOL- Notary Public Program Update-** **On July 1, 2018, the current notary laws Chapter 42.44 RCW will be replaced by RCW 42.45.** The DOL is currently reviewing input received from stakeholders at the public meetings held around the state in February, pertaining to their notary rules changes to WAC 308-30. DOL will consider which suggestions will be incorporated into the final WAC proposal. Once the final draft is complete, the department will share the proposal with stakeholders and receive input, before filing the CR-103 (WAC changes) with the code reviser. The CR-103 must be adopted by DOL, the time line for filing must be in accordance with the Administrative Procedures Act (APA).

EAW members actively attended the meetings &/or participated via teleconference and offered numerous suggestions for changes to the draft proposal for the DOL to consider. After careful review of the proposed rule changes, EAW crafted a position paper outlining recommended WAC changes for consideration; it has been submitted to DOL for the record. Thank you for your expertise and participation in the rulemaking process. Will keep EAW updated of DOL’s next step.

# EAW Bill Tracking Overview

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| **Bill #** | **Abbrev. Title** | **Status** | **Sponsor** | **Priority** | **Passage Vote** |
| [E2SHB 1570](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=1570) | Homeless housing & assist. | Del to Gov | Macri | Monitoring | H: 50-44 (2017)  H: 51-47 (2018)  S: 27-21  H: 54-42 |
| [2ESHB 2057](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2057) (ESSB 5797) | Residential real property | Del to Gov | Orwall | Monitoring | H: 98-0 (2017)  H: 96-0 (2018)  S: 49-0  H: 96-0 |
| [EHB 2444](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2444) | Low-income housing/REET | Del to Gov | Stonier | Monitoring | H: 98-0  S: 48-1  H: 98-0 |
| [SHB 2514](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2514) | Discriminatory covenants | Del to Gov | Kilduff | Monitoring | H: 97-0  S: 48-1 |
| [SHB 2538](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2538) | Low-income dev. impact fees | Del to Gov | McBride | Monitoring | H: 96-2  S: 45-4 |
| [SHB 2597](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2597) (SSB 6314) | Senior & disabled prop taxes | Del to Gov | Sullivan | Monitoring | H: 96-2  S: 49-0 |
| [SSB 6175](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6175) | Common interest ownership | Del to Gov | Pedersen | Monitoring | S: 35-12  H: 56-41  S: 38-11 |
| [SB 6462](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6462) | Oil tank insur. disclosure | Del to Gov | Angel | Monitoring | S: 47-0  H: 97-0 |
| [ESSB 6614](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6614) | Property taxes | Del to Gov | Mullet |  | S: 25-23-1  H: 59-39 |

# Detailed Bill Summary

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| **Bill Details** | | **Status** | **Sponsor** | **Priority** |  |
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| [**E2SHB 1570**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=1570) | **Homeless housing & assist.** | Del to Gov | Macri | Monitoring |  |
| Concerning access to homeless housing and assistance. *Summary:* HB 1570-S2 - DIGEST Establishes the Washington housing opportunities act. Improves resources available to aid with increasing access and removing barriers to housing for individuals and families in the state. Increases the surcharge for local homeless housing and assistance. Requires the department of commerce to: (1) In collaboration with the state institute for public policy, conduct a statewide homeless study every 5 years to better understand the causes and characteristics of the homeless in the state and help decision makers promote efforts toward housing stability; (2) Coordinate its efforts on the state homeless housing strategic plan with the office of homeless youth prevention and protection programs advisory committee; and (3) Provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. *Comments:* Increases recording fee from $40 per document recording fee to $62 for local homeless housing and assistance and makes the surcharge permanent. | | | | |
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| [**2ESHB 2057**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2057) | **Residential real property** | Del to Gov | Orwall | Monitoring |  |
| Concerning the services and processes available when residential real property is abandoned or in foreclosure. *Summary:* HB 2057-S.E - DIGEST Allows a certificate of abandonment to be obtained for a fee through the housing finance commission by using a form and subject to the terms and conditions developed by the housing finance commission in conjunction with the servicing industry, trustees, and civil legal aid. Requires the housing finance commission to: (1) Determine the costs associated with the application process and set a reasonable application fee based upon these costs; and (2) Notify the appropriate city, town, or county upon certificate issuance or upon receipt of notification from a servicer. Increases the fee for a beneficiary on whose behalf a notice of trustee's sale has been recorded on residential real property and requires the fee to be remitted to the county auditor or recording officer instead of the department of commerce. *Comments:* Banks (WBA & Community) are supporting | | | | |
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| [**EHB 2444**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2444) | **Low-income housing/REET** | Del to Gov | Stonier | Monitoring |  |
| Providing a real estate excise tax exemption for certain transfers of low-income housing. *Summary:* HB 2444 - DIGEST Exempts the following from the definition of "sale," for purposes of chapter 82.45 RCW (real estate excise taxes): A transfer of a qualified low-income housing development or controlling interest in a qualified low-income housing development. | | | | |
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| [**SHB 2514**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2514) | **Discriminatory covenants** | Del to Gov | Kilduff | Monitoring |  |
| Regarding discriminatory provisions found in written instruments related to real property. *Summary:* Addresses declaratory judgment action to strike discriminatory provisions of a real property contract and removal of discriminatory provisions in governing documents. | | | | |
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| [**SHB 2538**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2538) | **Low-income dev. impact fees** | Del to Gov | McBride | Monitoring |  |
| Exempting impact fees for low-income housing development. *Summary:* Exempts the following from the definition of "development activity," for purposes of impact fees: Buildings or structures constructed as shelters that provide emergency housing for people experiencing homelessness or emergency shelters for victims of domestic violence. | | | | |
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| [**SHB 2597**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=2597) | **Senior & disabled prop taxes** | Del to Gov | Sullivan | Monitoring |  |
| Extending the existing state property tax exemption for residences of senior citizens and disabled persons to local regular property taxes. *Summary:* Provides a local regular property tax exemption on the residences of senior citizens and disabled persons. | | | | |
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| [**SSB 6175**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6175) | **Common interest ownership** | Del to Gov | Pedersen | Monitoring |  |
| Concerning the Washington uniform common interest ownership act. *Summary:* Establishes the Washington uniform common interest ownership act. | | | | |
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| [**SB 6462**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6462) | **Oil tank insur. disclosure** | Del to Gov | Angel | Monitoring |  |
| Concerning the seller's real estate disclosure regarding oil tank insurance. *Summary:* Requires a disclosure statement to be made available to a buyer of residential real property that informs the buyer of the availability of no cost insurance from the pollution liability insurance agency if the property uses an oil tank for heating. *Comments:* WA. Realtors' Association supports | | | | |
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| [**ESSB 6614**](http://app.leg.wa.gov/billsummary?Year=2017&BillNumber=6614) | **Property taxes** | Del to Gov | Mullet |  |  |
| Concerning funding for the support of common schools. (REVISED FOR ENGROSSED: Providing property tax relief by reducing calendar year 2019 state property taxes and redirecting revenue to the education legacy trust account for fiscal year 2019 ) *Summary:* SB 6614-S - DIGEST Modifies provisions regarding the aggregate rate for property tax levies and the support of common schools. Requires the department of revenue to certify to county assessors the revised amounts that each county must collect in 2018 for the additional state property tax. Requires the county treasurer to prepare revised tax statements to be distributed to taxpayers no later than September 15, 2018. Requires the county assessor to deliver revised tax rolls to the county treasurer to reflect the necessary changes to the additional state property tax levy. Requires the state treasurer to transfer the sum of two hundred twenty-eight million dollars on July 1, 2018, and two hundred three million dollars on July 1, 2019, from the budget stabilization account to the state general fund. Requires the money transferred into the state general fund to be used for the support of common schools. Makes an appropriation from the general fund to the department of revenue for assisting counties with printing or postage costs and information technology updates or changes made necessary as a result of this act. | | | | |
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