



Washington Apartment Association (WAA)

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95th Day of 105 Day Session

Legislative Update

Thursday, April 14, 2011

Dear WAA Members:

We are coming towards the end of the 2011 Legislative Session. The last day of session is scheduled for **Sunday, April 24, 2011**. We are still monitoring the budgets to see if there will be any **possible elimination of tax incentives** that might be a way to balance the budget. In the House Budget there were no new taxes and hopefully the same will prevail in the Senate.

Special thanks to **Darlene Pennock** who on a regular basis testifies, on our behalf, in Olympia – “great job” and also to Judi Violette for supporting and giving direction to the lobbying team in Olympia.

CO Detector Administrative Discussions:

The emergency rule currently in place requires **CO detectors in new residential construction** where fuel fired appliances are installed and in units with attached garages; for existing units the effective date is **January 1, 2013**, consistent with SSB 5561.

There is a **proposal to implement the requirement for existing units** as repairs, alterations or additions to the unit requiring a permit occur. The SBCC will take public testimony on this proposal at hearings this fall and adopt a permanent rule by December 1, 2011. Information related to the CO rule can be found at the following link:

<https://fortress.wa.gov/ga/apps/sbcc/Page.aspx?nid=168>



Judi Violette, WAA President

Below is a legislative update of bills we were tracking in the 2011 session.

HB 2048

Rep. Kenney

Rent Voucher: This legislation will modify the county auditor document recording surcharge under RCW 36.22.179. The current statute places an increase on the

original \$10 surcharge of \$20 (\$30 total) during the 2009-11 and 2011-13 biennia. HB 2048 amends the statute so that the surcharge will be a total of \$40 for the 2011-13 and 2013-15 biennia. The bill would then have the surcharge reduced to \$30 for the 2015-17 biennia, when the increases will sunset and the surcharge will return to \$10. (Also refer to SB 5283 & HB 1661 in this report)

HB 2048 would also amend RCW 36.22.179 by adding a new section requiring that any local government that issues housing vouchers using document recording surcharge funds must:

- Establish a process for promoting the availability of rental properties. The language in the bill requires local governments and landlords to work together to place voucher tenants in available private rental units with fewer than 50 units.
- Must organize a meeting with landlords to analyze, evaluate and problem-solve the landlord/local government relationship regarding private rental vouchers.
- Produce data and report to the Legislature, on a calendar year basis, an accounting for the total expenditures from document recording fees, to include: the total amount expended from the recording fee, number of households, private vs. public vs. nonprofit expenditures, the amount spent on eviction prevention vs. rental assistance, etc. If data cannot be made available at a local level, the bill sets out sampling guidelines in order to obtain representative numbers.



Mark Gjurasic, WAA
Lobbyist

Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/2048.pdf>

POSITION: Support
STATUS: House Ways and Means/Bill could be resurrected in other legislation

SB 5083/HB 1184 Sen. Ranker/Rep. Maxwell

Real Estate B&O Tax on Real-Estate Commissions: In this legislation any real estate firm who receives a commission at the time of closing on a real estate transaction must pay the B&O tax only upon their respective shares of the commission. Terms and definitions are updated to be consistent with real estate licensing laws. The act applies both prospectively and retroactively. To view the bill, you can click on the following website: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Passed%20Legislature/5083.PL.pdf>

POSITION: Support
STATUS SB 5083: On Way to the Governor's Desk
STATUS HB 1184: DEAD Senate Rules Committee

HB 1266 Rep. Pedersen

Changes to Residential Landlord & Tenant Act: This bill makes changes to the Residential Landlord and Tenant Act as a result of meetings with Rep. Jamie Pedersen, representatives from landlords, tenants and other stakeholders. We rejected any efforts to put a limitation on late fees in this legislation which were proposals made by the tenant groups. Please see the following link for the language of the bill: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Passed%20Legislature/1266-S.PL.pdf>

POSITION: Support
STATUS: On Way to Governor's Desk

HB 1793/SB 5558**Rep. Darneille/Sen. Hargrove**

Restricting access to juvenile records: This legislation would deny consumer reporting agencies from reporting juvenile court records of arrest and convictions to landlords when running criminal background checks and would hinder the landlord to make decisions when renting to those that have a criminal background. Landlords can be held accountable for criminal activities on their properties and therefore should be allowed to see if a potential tenant has a history of criminal activity to make informed decisions when renting. We want to ensure that we allow for a safe environment to our other tenants. **We will be asking the Governor to veto this legislation.** Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1793-S.pdf>

POSITION: **Oppose**

STATUS HB 1793: **Passed the Senate**

STATUS SB 5558: **DEAD** Senate Rules Committee

HB 1077**Rep. Kelley**

Repeal of On-Site Property Personnel Tax: We have introduced legislation that will repeal the on-site property tax as it applies to wages and other benefits applied to on-site property managers. The repeal will be implemented in 3 years when the 1.8% B&O Tax is reduced to 1.5% on service industries. This tax was made permanent in the 2010 legislative session. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1077.pdf>

POSITION: **Support**

STATUS: **DEAD** House Ways & Means

HB 1881 / SB 5705**Rep. Springer/Sen. Kilmer**

Tax Increment Financing: This legislation was introduced to create **tax increment financing** as a redevelopment tool for communities and local governments to issue bonds to provide public infrastructure to support the development in the area of revitalization. The increased property tax resulting from the development are than used to pay back the bonds – a great tool and advantage for those businesses that are in and around the development area. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1997-S.pdf>

POSITION: **Support**

STATUS HB 1881: **DEAD** House Ways & Means

STATUS SB 5705: **DEAD** Senate Ways & Means

SB 5110**Sen. Kohl-Welles**

Carpet stewardship: Under this legislation carpet “producers”, beginning January 1, 2012 will be mandated to participate in a “carpet stewardship organization.” The “carpet stewardship organization” implements various policies around the disposal and recycling of carpet sold in Washington. Beginning in January 31, 2013, “carpet stewardship organizations” would collect an annual fee of \$1000 for each “producer.” Fees collected will go to the enforcement and administration of the “carpet stewardship” organization. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5110-S.pdf>

POSITION: **Monitor**

STATUS: **DEAD** Senate Rules Committee



Terry Kohl, WAA Legislative Liaison

HB 1997 Rep. Orwall

Economic development by funding tourism promotion, workforce housing, art and heritage programs, and community development: This legislation would direct stadium-related tax sources in King County to a dedicated account once the obligations for stadium debt are paid. It requires that money in the dedicated account be used for arts and heritage programs, affordable housing provided by nonprofit organizations and housing authorities, community development, and the Washington State Convention Center. It disallows the use of money in the dedicated account for acquiring or constructing a stadium used by a professional sports franchise or for acquiring, constructing, repairing, or improving a

facility used by a state university. It eliminates the 75 percent dedication of the 1 percent car rental tax to public stadium facilities for all counties except King County. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1997-S.pdf>

POSITION: Concerns/Reviewing
STATUS: DEAD Senate Ways & Means Committee

SB 5289/HB 1416 Sen. Murray/Rep. Pettigrew

A B&O tax deduction is permitted for amounts that (1) a nonprofit property management company receives for compensating on-site employees from the owner of property; (2) a property management company receives for compensating on-site employees from a housing authority; and (3) a property management company receives for compensating on-site employees from a limited liability company or limited partnership of which the sole managing member or sole general partner is a housing authority.

POSITION: Concerns/Reviewing
STATUS SB 5289: Technically DEAD Senate Ways & Means Committee
STATUS HB 1416: DEAD House Ways & Means Committee

SB 5283/HB 1661 Sen. Hobbs/Rep. Finn

Rent Vouchers: We helped to introduce this legislation which allows for rent vouchers to be given to tenants similar to Section 8 but rather a state program that allows tenants to rent from private sector landlords. It's not mandatory that a landlord take the voucher. Lawmakers have suggested that interest from tenant deposits pay for funding of the rent voucher program or a fee/new tax of \$1 or \$2 be placed on each rental unit to pay for the program as well. WAA opposes both of these funding concepts. We have met with Speaker Chopp who is considering vouchers. **Vouchers are also being considered in Disability Lifeline.** Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5283-S.pdf>

POSITION: OPPOSE
STATUS SB 5283: DEAD Senate Ways & Means
STATUS HB 1661: DEAD House Community Development & Housing

HB 1126**Rep. Ross**

Criminal Street Gangs: This legislation would declare a property a nuisance without the notification of the property owner after 3 or more unrelated criminal gang offenses occur. This legislation undermines the crime-free legislation passed last year (SB 5742) where landlords are notified via notice from the police regarding the criminal activity and allow the property owner in a good faith effort to deter the activity. This bill is dead for now but could reappear somewhere in the budget.

Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1929.pdf>

POSITION:**Oppose****STATUS:****DEAD** House Public Safety & Emergency Preparedness**HB 1929****Rep. Liias**

Street Utility Maintenance: This bill would allow cities, with voter approval, to establish local "street maintenance utilities" (SMU's). City councils would then have the authority to impose charges on residential and commercial users of up to 50 percent of the actual costs for maintenance, operation, and preservation of city streets. Rates would be uniform for the same class of service, and all business and residential properties would be subject to the utility charge. Charges imposed on businesses would be measured by the number of employees and would be prohibited from exceeding the equivalent of \$2 per month per full-time employee. Charges imposed against residential owners or occupants could **not exceed \$2 per month per housing unit**. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1929.pdf>

POSITION:**Oppose****STATUS:****DEAD** House Rules Committee**HB 1616****Rep. Hunt**

Lien Authority of Public Utility Districts: This legislation authorizes a public utility district to impose penalties of not more than 10 percent and interest of 8 percent on delinquent rates and charges for water and sewer services. It provides a process through which a district may certify delinquent accounts for water and sewer services to the county auditor, causing such delinquencies to become a lien against the property served. We are **opposed** to this legislation because it would expand the authority of public utility districts to place liens on landlord's property for unpaid utility bills owed by tenants. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1616.pdf>

POSITION:**Oppose****STATUS:****DEAD** House Rules Committee**SB 5050****Sen. Kline**

Taking Interests from Tenant Security Deposits for Other Uses: The purpose of the bills is to take the interest from tenant deposits to build low-income housing. The latest proposal by Senate lawmakers was to take interests on **tenant deposits to pay for low-income rental housing vouchers**. Also, see SB 5283 as it deals with voucher funding. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5050.pdf>

POSITION:**Oppose****STATUS:****DEAD** Financial Institutions and Housing & Insurance

HB 1526**Rep. Orwall**

Tenant Screening: We oppose this legislation because it requires a list of conditions to be disclosed to a tenant qualifying them to rent from a landlord. Specifically this legislation requires a **list of screening criteria which may include: employment history; rental history; criminal history; credit history; income standards or affordability tests;** whether information obtained was inadequate or could not be verified; and any other factor explained in writing to the prospective tenant. Please see the following link for the language of the bill: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1526.pdf>

POSITION:**Oppose****STATUS:****DEAD** House Judiciary**HB 1778****Rep. Uptegrove**

Utility Services: The bill prohibits landlords of multitenant buildings from billing tenants for utility services separately from rent except under certain circumstances. Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/House%20Bills/1778.pdf>

POSITION:**Oppose****STATUS:****DEAD** House Judiciary**SB 5826****Sen. Kohl-Welles**

Tenant screening: This legislation was introduced on February 22 as a late arrival. It requires prospective landlords to notify prospective tenants in writing of certain information before obtaining a tenant screening report about the prospective tenant. This legislation also authorizes the landlord to charge a prospective tenant a maximum of ten dollars for using the screening service. The Goal also is to have "tenant screening portability" – for 30 days or less. Please see the following link for the language of the bill: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5826.pdf>

POSITION:**Oppose****STATUS:****DEAD** Senate Financial Institutions, Housing & Insurance**SB 5910****Sen. White**

Parking Tax: This legislation authorizes the legislative authority of a county, city, or district to fix and impose a parking tax on all nonresidential parking within its respective jurisdiction. I met with Sen. White to further discuss and get clarification on the issue. In my meeting he informed me that it is **highly unlikely**, at this time, that **SB 5910 will have a hearing** – and he is not asking for a hearing at this time. He realizes the significant implications on both real-estate and the University of Washington and certainly does not want to create a "cash cow" for the cities. This stall tax is directed at non residential applications and we want to ensure that we are not included into the future. To view the bill, you can click on the following website: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5910.pdf>

POSITION:**Oppose****STATUS:****DEAD** Senate Government Operations, Tribal Relations & Elections

Any further questions please call **Mark Gjurasic**, WAA Lobbyist, at 360.481.6000 or email him at mjgurasic@comcast.net.