



HB 4007A and proposed amendments:

A document recording fee and first-time home buyer savings account program

Testimony for House Revenue – Jody Wiser – 2.20.2018

We are fully in support of the document recording fee increase before you today. The chart below compares taxes and fees collected in the capital cities of Washington, California and Oregon. It assumes two documents per sale, of 40 pages total, which is fairly normal for most residential closings.

As you can see, an increase to \$60 will leave us collecting for public use about what is collected in Sacramento and dramatically less than what is collected on a sale in Olympia. Despite the higher tax/fee cost Washington has a higher home ownership rate at 64.2% than either Oregon at 60.4% or California at 53.8%.¹

It is our understanding that there has been much negotiation around two elements of this bill: the size of the document recording fee, and the nature of the subsidy for the first-time home buyer savings accounts.

We are pleased to see that consensus has been reached.

We read the bills and follow the money

¹ <http://www.businessinsider.com/homeownership-rate-state-map-2017-7>



Recording Fees and Taxes – Olympia, Sacramento and Salem

How do we compare to our neighbors in terms of what “the Government” collects upon a home sale/purchase?

Our comparison is based on a typical sale with two documents being recorded, a deed and a mortgage, with a total of 40 pages, and a sales price of \$300,000. In doing this research we found that there is quite a bit of variation in the cost of pages other than the first page, ranging from \$1 to \$5. This is usually directed to the county clerks and to local communities and varies within states.

Olympia, Washington: \$5526

\$ 186 filing/recording feesⁱ

\$5,340 real estate excise taxⁱⁱ

\$5,526

Sacramento, California: \$306

\$156 filing/recording feesⁱⁱⁱ

\$150 a new fee under the Building Homes and Jobs Act, as of 1.1.2018 for affordable housing^{iv}

\$306

Salem, Oregon: \$362 upon adoption of HB 4007 with a \$60 fee

\$282 filing/recording fees today^v

\$ 80 increase from \$20 to \$60

\$362 upon adoption of HB 4007 with a \$60 fee

In Oregon and California, the fees and taxes collected for the government are a very small portion of the \$6,700 a buyer typically faces in closing costs, and a far smaller percentage of the \$22,000 cash needed at settlement for a \$300,000 home with the 5% down payment expected for a standard mortgage. ^{vi}

ⁱ The Olympia/Thurston County recording costs \$74 for the first page and \$1 for each additional page. But there is also a real estate excise tax.

ⁱⁱ In Olympia, the real estate excise tax rate is 1.78%, (1.28% to the state and .50% to local govt.)

ⁱⁱⁱ In Sacramento County the fees were \$21 for the first page, and \$3 for each additional page.

^{iv} California recently added a new document recording fee of \$75 to help address their housing crisis. *In addition to any other recording fees specified in this code, a fee of seventy-five dollars (\$75) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, except those expressly exempted from payment of recording fees, per each single transaction per parcel of real property. The fee imposed by this section shall not exceed two hundred twenty-five dollars (\$225).*

^v In Salem/Marion County, the recording currently costs \$46 for the first page, and \$5 for each additional page. A change from \$20 to \$60 would change that to a total of \$86 for the first page and \$5 for each additional page.

^{vi} <https://smartasset.com/mortgage/closing-costs>