

SENATE BILL REPORT

SSB 5176

AS PASSED SENATE, MARCH 15, 1993

Brief Description: Concerning the cashing of government issued checks or warrants.

SPONSORS: Senate Committee on Labor & Commerce (originally sponsored by Senators Vognild, Pelz, Moore, Wojahn and Fraser)

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5176 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Fraser, McAuliffe, Pelz, Sutherland, Vognild, and Wojahn.

Staff: Benson Porter (786-7470)

Hearing Dates: January 13, 1993; February 23, 1993

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

BACKGROUND:

While some financial institutions will not cash a government issued check or public assistance check for a noncustomer, those institutions that will cash such checks sometimes charge a fee for the service. Some institutions charge a fixed fee, ranging from less than \$1 to \$7. Other institutions charge a fee of approximately 2 percent of the face amount of the check. In addition to financial institutions, check cashers also cash government issued checks for a fee ranging from 2 to 5 percent of the check's face amount depending upon the type of check and whether the person can provide identification.

Some interest has been expressed in requiring qualified public depositaries to cash certain government issued checks. Qualified public depositaries are those financial institutions approved by the Washington Public Deposit Protection Commission to accept public funds and include many commercial banks, savings banks, and savings and loan associations.

SUMMARY:

In order for a financial institution to be a qualified public depositary, the institution may not charge more than \$1 to cash a check or warrant issued by this state or the federal government for a noncustomer.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Low-cost check cashing services are needed because many of the people cashing government checks live on a limited fixed income, escalating the impact of check cashing fees.

TESTIMONY AGAINST:

Most lenders offer low-cost, basic checking accounts, and some institutions offer special accounts for senior citizens. The availability of these products raises questions about the need for the bill.

TESTIFIED: Kathy Morefield, Fair Budget Action Campaign (pro); Arnold Livingston, Senior Citizen Lobby (pro); Trevor Sandison, Washington Bankers Association (con)

HOUSE AMENDMENT(S):

In conjunction with the State Treasurer's office and the Department of Social and Health Services, the Supervisor of Banking and the Supervisor of Savings and Loan are directed to study methods to inexpensively transfer government funds to persons receiving public assistance. The supervisors are to prepare a report containing their findings and recommendations and provide the report to the Legislature by January 1, 1994.