

**SENATE BILL REPORT**

**SB 6171**

**AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, JANUARY 28, 1994**

**Brief Description:** Cashing of government issued checks or warrants.

**SPONSORS:** Senators Vognild, Loveland, Ludwig, Franklin and Hargrove

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** That Substitute Senate Bill No. 6171 be substituted therefor, and the substitute bill do pass.

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

**Staff:** Blaine Gibson (786-7375)

**Hearing Dates:** January 21, 1994; January 28, 1994

**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 no fee to \$6. Other institutions charge a fee of approximately 2-5 percent of the face amount of the check.

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:**

The original bill was not considered.

**EFFECT OF PROPOSED SUBSTITUTE:**

In order for a financial institution to be a qualified public depositary, the institution must cash checks and warrants issued by Washington State and the federal government for no more than a fee of \$1. This requirement is contingent upon the presenter furnishing two pieces of valid identification, including a current pictured Washington driver's license or identification card. If the financial institution cashes a check or warrant after presentation of proper identification, it is not liable for wrongful payment.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

The legislation is needed so that low or fixed income senior citizens can cash government checks without exorbitant fees.

**TESTIMONY AGAINST:**

The market should determine fees for cashing government checks. Public depositories offering low balance, no fee accounts should be exempt from the requirement.

**TESTIFIED:** Arnold Livingston, Senior Citizens Lobby (pro); Trevor Sandison, Washington Bankers Association (con)