

SENATE BILL REPORT

SB 6178

As of January 19, 1998

Title: An act relating to dishonored checks.

Brief Description: Regulating dishonored checks.

Sponsors: Senator Swecker.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 1/20/98.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Staff: Dave Cheal (786-7576)

Background: It is a crime to issue a check with insufficient funds in the account to cover the check. The lack of sufficient funds in the account is prima facie evidence of intent to defraud. If the amount of the bad check is \$250 or less, it is a gross misdemeanor. If the amount is over \$2,500, the crime is classified as a class C felony. There are also various civil remedies available to the victims.

Currently, the payee of the check is frequently charged a fee for a returned check.

Summary of Bill: The act of issuing a check, knowing at the time the check is issued that the account with the bank is closed, is made a crime. Penalties are the same as for other types of bad checks.

Banks may no longer charge the payee of a check that is dishonored a fee or service charge related to nonacceptance or nonpayment of the check. All fees must be charged to the drawer of the check.

When a check is written without sufficient funds for payment, the payor bank is directed to close the account until all fees and other charges for services related to the nonpayment are paid to the payor banks, other banks and the payee.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.