

SENATE BILL REPORT

2SHB 1359

As Reported By Senate Committee On:
Judiciary, February 21, 2006
Ways & Means, February 27, 2006

Title: An act relating to the interest rate on legal financial obligations.

Brief Description: Revising the interest rate on legal financial obligations.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Darneille, Jarrett, Grant, Appleton, Kirby, Walsh, Kagi, Pettigrew, Lovick, Lantz, Campbell, Fromhold, Haigh, Priest, Kessler, Hinkle, Buck, Ormsby, Upthegrove, Dickerson, McIntire, Chase, McDermott and Holmquist).

Brief History: Passed House: 2/03/06, 64-32.

Committee Activity: Judiciary: 2/15/06, 2/21/06 [DP].

Ways & Means: 2/24/06, 2/27/06 [DP, w/oRec].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Kline, Chair; Weinstein, Vice Chair; Johnson, Ranking Minority Member; Carrell, Esser, Hargrove and Rasmussen.

Staff: Lidia Mori (786-7755)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Pridemore, Rasmussen, Regala, Rockefeller and Thibaudeau.

Minority Report: That it be referred without recommendation.

Signed by Senators Parlette, Pflug, Roach and Schoesler.

Staff: Paula Faas (786-7449)

Background: When a defendant is convicted of a crime, the court may impose financial obligations as part of the judgment and sentence. Financial obligations that may be imposed on a defendant include: victim restitution; crime victims' compensation fees; court costs; court-appointed attorneys' fees and costs of defense; fines; and other costs associated with the offense or sentence. Judgments for financial obligations in criminal proceedings bear interest from the date of judgment at the same rate that is applicable to civil judgments. The rate of interest generally applicable to civil judgments is the greater of 12 percent or four points above the 26-week treasury bill rate. As a result of low treasury bill rates, 12 percent has been

the applicable interest rate on criminal financial obligation judgments for at least the last decade. In 2004, the Legislature established a new method of calculating the interest rate applicable to tort judgments; previously, the rate was the same as the general civil judgment rate. The interest rate now established for tort judgments is two percentage points above the 26-week treasury bill rate. Interest that accrues on the restitution portion of a criminal financial obligation is paid to the victim of the offense. All other interest accruing on the judgment is split between the state and the county as follows:

25 percent to the state for the public safety and education account;

25 percent to the state for the judicial information system account; and

50 percent to the county current expense fund, 25 percent of which must be used to fund local courts.

Summary of Bill: The interest rate applicable to financial obligations imposed in a criminal judgment is changed to two percentage points above the 26-week treasury bill rate for the December preceding the date of entry of the judgment. The interest rate is readjusted annually on January 1st of each year and the readjusted rate applies to the accrual of interest during that year. This new method of calculating interest on criminal financial obligations applies to judgments entered on or after the effective date of the act and to the accrual of interest on existing judgments from the effective date of the act. Interest that has accrued on a judgment prior to the effective date of the act is not affected by the change in the interest rate.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For (Judiciary): There are people who have large legal financial obligations (LFOs). They are employed and have sizeable amounts of money deducted from each paycheck to pay their LFOs. Even so, because of interest, the obligations become so large that the person realistically cannot pay it off within his or her lifetime. This bill will allow such people to return to full status as a citizen and it will also reduce recidivism.

Testimony Against (Judiciary): None.

Testimony Other (Judiciary): If victims have to repurchase on credit what a defendant may have taken, the victim will be paying a higher interest than the perpetrator of the crime. Defendants are learning to pay LFOs off by monthly payments.

Who Testified (Judiciary): PRO: Representative Darneille, prime sponsor.

OTHER: Betty Gould, Thurston County Clerk; Dave Johnson, Washington Coalition of Crime Victims Advocates.

Testimony For (Ways & Means): None.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): No one.