
SECOND SUBSTITUTE HOUSE BILL 1359

State of Washington 59th Legislature 2005 Regular Session

By 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)

READ FIRST TIME 03/02/05.

1 AN ACT Relating to the interest rate on legal financial
2 obligations; and amending RCW 10.82.090 and 4.56.110.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 10.82.090 and 2004 c 121 s 1 are each amended to read
5 as follows:

6 (1) Except as provided in subsection (2) of this section, financial
7 obligations imposed in a judgment shall bear interest from the date of
8 the judgment until payment, at the rate (~~applicable to civil~~
9 ~~judgments~~) specified in RCW 4.56.110(4). All nonrestitution interest
10 retained by the court shall be split twenty-five percent to the state
11 treasurer for deposit in the public safety and education account as
12 provided in RCW 43.08.250, twenty-five percent to the state treasurer
13 for deposit in the judicial information system account as provided in
14 RCW 2.68.020, twenty-five percent to the county current expense fund,
15 and twenty-five percent to the county current expense fund to fund
16 local courts. The rate of interest specified in this subsection
17 applies to the accrual of interest as of the date of entry of judgment
18 with respect to a judgment that is entered on or after the effective
19 date of this act, and applies to the accrual of interest as of the

1 effective date of this act with respect to a judgment that was entered
2 before the effective date of this act and is still accruing interest on
3 the effective date of this act.

4 (2) The court may, on motion by the offender, following the
5 offender's release from total confinement, reduce or waive the interest
6 on legal financial obligations levied as a result of a criminal
7 conviction. The court may reduce or waive the interest only as an
8 incentive for the offender to meet his or her legal financial
9 obligations. The court may not waive the interest on the restitution
10 portion of the legal financial obligation and may only reduce the
11 interest on the restitution portion of the legal financial obligation
12 if the principal of the restitution has been paid in full. The
13 offender must show that he or she has personally made a good faith
14 effort to pay, that the interest accrual is causing a significant
15 hardship, and that he or she will be unable to pay the principal and
16 interest in full and that reduction or waiver of the interest will
17 likely enable the offender to pay the full principal and any remaining
18 interest thereon. For purposes of this section, "good faith effort"
19 means that the offender has either (a) paid the principal amount in
20 full; or (b) made twenty-four consecutive monthly payments, excluding
21 any payments mandatorily deducted by the department of corrections, on
22 his or her legal financial obligations under his or her payment
23 agreement with the court. The court may grant the motion, establish a
24 payment schedule, and retain jurisdiction over the offender for
25 purposes of reviewing and revising the reduction or waiver of interest.
26 This section applies to persons convicted as adults or in juvenile
27 court.

28 **Sec. 2.** RCW 4.56.110 and 2004 c 185 s 2 are each amended to read
29 as follows:

30 Interest on judgments shall accrue as follows:

31 (1) Judgments founded on written contracts, providing for the
32 payment of interest until paid at a specified rate, shall bear interest
33 at the rate specified in the contracts: PROVIDED, That said interest
34 rate is set forth in the judgment.

35 (2) All judgments for unpaid child support that have accrued under
36 a superior court order or an order entered under the administrative
37 procedure act shall bear interest at the rate of twelve percent.

1 (3) Judgments founded on the tortious conduct of individuals or
2 other entities, whether acting in their personal or representative
3 capacities, shall bear interest from the date of entry at two
4 percentage points above the equivalent coupon issue yield, as published
5 by the board of governors of the federal reserve system, of the average
6 bill rate for twenty-six week treasury bills as determined at the first
7 bill market auction conducted during the calendar month immediately
8 preceding the date of entry. In any case where a court is directed on
9 review to enter judgment on a verdict or in any case where a judgment
10 entered on a verdict is wholly or partly affirmed on review, interest
11 on the judgment or on that portion of the judgment affirmed shall date
12 back to and shall accrue from the date the verdict was rendered.

13 (4) Legal financial obligations imposed in judgements pertaining to
14 offenders referred to in RCW 10.82.090 shall bear interest from the
15 date of entry at two percentage points above the equivalent coupon
16 issue yield, as published by the board of governors of the federal
17 reserve system, of the average bill rate for twenty-six week treasury
18 bills as determined at the first bill market auction conducted in the
19 month of December immediately preceding the date of entry. The
20 interest rate on all judgments for legal financial obligations of
21 offenders referred to in RCW 10.82.090 shall be readjusted annually on
22 the first day of January of each year to reflect the interest rate
23 based upon the first bill market auction held each preceding December,
24 and shall accrue at that rate during the succeeding calendar year.

25 (5) Except as provided under subsections (1), (2), ((and)) (3), and
26 (4) of this section, judgments shall bear interest from the date of
27 entry at the maximum rate permitted under RCW 19.52.020 on the date of
28 entry thereof. In any case where a court is directed on review to
29 enter judgment on a verdict or in any case where a judgment entered on
30 a verdict is wholly or partly affirmed on review, interest on the
31 judgment or on that portion of the judgment affirmed shall date back to
32 and shall accrue from the date the verdict was rendered. ((The method
33 for determining an interest rate prescribed by this subsection is also
34 the method for determining the "rate applicable to civil judgments" for
35 purposes of RCW 10.82.090.))

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