

HOUSE BILL REPORT

HB 1474

As Reported by House Committee On:

Judiciary
Appropriations

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

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

Sponsors: Representatives Darneille, Appleton, Goodman, Williams, Lantz, McDermott, Pettigrew, Moeller, Upthegrove, Hudgins, Chase, Flannigan, Kagi, Ormsby, Roberts, Schual-Berke, Wood, Santos and Hasegawa.

Brief History:

Committee Activity:

Judiciary: 1/30/07, 2/13/07 [DP];

Appropriations: 3/3/07, 3/5/07 [DP].

Brief Summary of Bill

- Changes the interest rate applicable to legal financial obligations imposed in a criminal judgment to two percentage points above the 26-week treasury bill rate.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 7 members: Representatives Lantz, Chair; Goodman, Vice Chair; Flannigan, Kirby, Moeller, Pedersen and Williams.

Minority Report: Do not pass. Signed by 4 members: Representatives Rodne, Ranking Minority Member; Warnick, Assistant Ranking Minority Member; Ahern and Ross.

Staff: Edie Adams (786-7180).

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

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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 almost two decades.

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 Public Safety and Education Account;
- 25 percent to the state Judicial Information System Account; and
- 50 percent to the County Current Expense Fund, 25 percent of which must be used to fund local courts.

The Public Safety and Education Account is used to fund a variety of programs, including criminal justice training, crime victim's compensation, indigent representation, drug courts, the judicial information system, and highway and traffic safety. The Judicial Information System Account is used to acquire the equipment, software, supplies, and services necessary to provide information systems for the judiciary and information systems access to non-court users. The County Current Expense Fund is the general county fund used to fund county expenses.

Summary of Bill:

The interest rate applicable to legal 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 1 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.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The current interest rate of 12 percent is very punitive, unreasonable, and unfair. One of the goals of our criminal justice system is to repatriate offenders back into society. It is important for offenders to successfully reenter society so that they don't commit new crimes and so they can become responsible members of society.

The interest rate has a disproportionate impact on the poor. Rich people don't pay the interest, but poor people do. A person of means who is convicted of an offense and required to pay restitution or financial obligations can pay the financial obligation right away and will not have to pay any interest. For a poor person who is convicted, interest begins to accrue immediately and builds up dramatically while the person is in prison and after the person is released.

(Opposed) None.

Persons Testifying: Representative Darneille, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 18 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Linville, McDermott, McIntire, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 16 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Ericks, Fromhold, Hinkle, Kessler, Kretz, McDonald, Morrell, Priest and Walsh.

Staff: Kirk Schmidt (786-7118).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Judiciary:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.