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## Judiciary Committee

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### HB 1004

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

**Brief Description:** Modifying provisions affecting interest on legal financial obligations.

**Sponsors:** Representatives Darneille, Lantz, Williams, Flannigan, Ericks, Kagi, Hudgins, Appleton, Roberts, Moeller, McDermott, Wood, Santos, Schual-Berke, Ormsby and Upthegrove.

Brief Summary of Bill
<ul style="list-style-type: none"><li>Prohibits the accrual of interest on a criminal offender's legal financial obligations while the offender is incarcerated in total confinement.</li><li>Removes the ability of an offender to petition the court for a waiver of interest on legal financial obligations.</li></ul>



**Hearing Date:** 1/12/07

**Staff:** Edie Adams (786-7180).

**Background:**

Legal Financial Obligations: When a defendant is convicted of a crime, the court may impose financial obligations as part of the judgment and sentence. Financial obligations 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. An offender's payments toward a legal financial obligation are applied first to restitution, and then proportionally to other monetary obligations after restitution has been satisfied. Costs of incarceration, if ordered, are paid last.

Interest on Legal Financial Obligations: 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

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percent has been the applicable interest rate on criminal financial obligation judgments for almost two decades.

Interest that accrues on the restitution portion of the 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.

Waiver of Interest on Financial Obligations: An offender may petition a court to reduce or waive the interest on legal financial obligations as an incentive for the offender to pay the principal. The court may grant the petition only if the offender shows:

- A good faith effort to pay;
- Interest accrual is causing a significant hardship;
- An inability to pay both the principal and interest; and
- That reduction or waiver of interest will enable full payment.

"Good faith effort" means that the offender has either paid the principal amount in full or has made twenty-four consecutive monthly payments under a payment plan agreement with the court. Interest on the restitution portion of a legal financial obligation judgment may not be waived, but may be reduced if the offender has paid the restitution principal in full.

**Summary of Bill:**

Legal financial obligation judgments imposed for offenses committed on or after July 1, 2007 shall not accrue interest for any period during which the offender is incarcerated in total confinement in a correctional institution, including out-of-state and federal institutions. "Total confinement" means confinement in an institution or facility for twenty-four hours a day, and includes confinement while participating in a work camp or labor camp.

The provision of law allowing an offender to petition the court for a waiver of interest on legal financial obligations is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect July 1, 2007.