

SENATE BILL REPORT

SB 6850

As Reported By Senate Committee On:
Ways & Means, February 12, 2008

Title: An act relating to creating the financial fraud and identity theft crimes investigation and prosecution program.

Brief Description: Creating the financial fraud and identity theft crimes investigation and prosecution program.

Sponsors: Senators Prentice, Brandland, Kline, Berkey and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/11/08, 2/12/08 [DP, w/oRec]

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Brandland, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Rockefeller, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Carrell and Parlette.

Staff: Richard Ramsey (786-7412)

Background: Identity theft occurs when someone uses personal information such as a person's name, social security number, credit card number, or other identifying information without permission to commit fraud or other crimes. Financial fraud and identity theft encompass a broad range of crimes, including bank, mail and wire fraud, technology and computer crimes.

The Uniform Commercial Code (UCC) within the Department of Licensing supports commerce by giving lenders a central place for filing notices regarding personal property pledged as collateral for loans. In the event the debtor declares bankruptcy, a filing with UCC legally establishes the lender as a preferred creditor in relation to other lenders who file against the same collateral.

Summary of Bill: The financial fraud and identity theft crimes investigation and prosecution program is created in the Department of Community, Trade and Economic Development (Department). Two regional financial fraud and identity theft crime task forces are created –

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one that includes King and Pierce counties and a second in Spokane county. The Department will appoint members of the task forces to represent local law enforcement, county prosecuting attorneys, and financial institutions. The task forces are to: (1) hold regular meetings to discuss emerging trends and threats of local financial fraud and identity theft crimes; (2) set priorities for the activities of the task forces; (3) apply to the Department for funding to hire prosecutors and law enforcement personnel dedicated to investigating and prosecuting financial fraud and identity theft crimes; (4) establish outcome-based performance measures; and (5) report twice annually to the Department on the activities of the task force.

The financial fraud and identity theft crimes investigation and prosecution account is created in the state treasury as an appropriated account. Expenditures from the account may be used only to support the activities of the task forces and the Department. Revenues to the account come from surcharges on certain filings under the Uniform Commercial Code. The surcharges will be \$8 on paper filings (current fee is \$15) and \$3 on electronic filings (current fee is \$8).

Appropriation: None.

Fiscal Note: Available.

[OFM requested a ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Financial fraud and identity theft crimes are increasingly sophisticated and organized. In 2007 the Legislature appropriated \$500,000 from the state general fund to create task forces to address these crimes. A working group was convened and the bill before you is the product of their work. It creates teams of prosecutors and law enforcement dedicated to investigation and prosecution of these crimes. The unspent funding from last year will match the revenue generated from the surcharge on the UCC filings; there is no opposition to the surcharge on the filings from the financial industry that pays the fees.

Persons Testifying: PRO: Denny Eliason, Washington Bankers Association; Gary Gardner, Boeing Employees Credit Union.