

FINAL BILL REPORT

SSB 5423

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Synopsis as Enacted

Brief Description: Modifying legal financial obligation provisions.

Sponsors: Senate Committee on Human Services & Corrections (originally sponsored by Senators Regala, Hargrove, Chase and Kline).

Senate Committee on Human Services & Corrections

House Committee on Judiciary

House Committee on General Government Appropriations & Oversight

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 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's current expense fund, 25 percent of which must be used to fund local courts.

Waiver of Interest on Legal 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;

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- 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 24 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: Upon motion by an offender, the court must waive the interest on non-restitution legal financial obligations that accrued during the term of total confinement for conviction that gave rise to the obligations, if the offender shows that the interest creates a hardship for the offender or his or her immediate family.

When showing a good faith effort to pay in order to allow the court to reduce or waive interest on non-restitution legal financial obligations that accrued other than when an offender was incarcerated, a good faith effort means the offender has made at least 15 monthly payments within an 18 month period.

The Administrative Office of the Courts must send billing statements for legal financial obligations periodically rather than monthly. A judgment lien on real property resulting from a criminal sentence does not expire and remains in effect until the judgment is fully satisfied. The county clerk has the same authority as the Department of Corrections to issue an order to withhold and deliver property for the collection of legal financial obligations.

Votes on Final Passage:

Senate	46	1
House	53	39

Effective: July 22, 2011.