

# HOUSE BILL REPORT

## SHB 2674

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**As Passed House:**  
February 17, 2016

**Title:** An act relating to filing fee surcharges for funding dispute resolution centers.

**Brief Description:** Concerning filing fee surcharges for funding dispute resolution centers.

**Sponsors:** House Committee on Judiciary (originally sponsored by Representatives Jinkins, Rodne, Kilduff, Reykdal and Fey).

**Brief History:**

**Committee Activity:**

Judiciary: 1/27/16, 2/4/16 [DPS];

General Government & Information Technology: 2/8/16 [DPS(JUDI)].

**Floor Activity:**

Passed House: 2/17/16, 58-40.

**Brief Summary of Substitute Bill**

- Allows county legislative authorities to impose a \$20 surcharge on civil filing fees in superior court, and raise surcharges on civil filing fees in district court and filing fees in small claims court to \$20, for the purpose of funding Dispute Resolution Centers.
- Provides that the fee levels may be adjusted annually up to the state's fiscal growth factor.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Jinkins, Chair; Kilduff, Vice Chair; Rodne, Ranking Minority Member; Goodman, Haler, Hansen, Kirby, Kuderer, Muri and Orwall.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Shea, Assistant Ranking Minority Member; Klippert.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Stokesbary.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Cece Clynch (786-7195).

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**HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION  
TECHNOLOGY**

**Majority Report:** The substitute bill by Committee on Judiciary be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Hudgins, Chair; Kuderer, Vice Chair; Morris and Senn.

**Minority Report:** Do not pass. Signed by 2 members: Representatives MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Johnson.

**Staff:** Meghan Morris (786-7119).

**Background:**

The creation of Dispute Resolution Centers (DRCs) was first authorized in statute as part of the 1984 Court Improvement Act in order to provide forums in which persons may voluntarily participate in the resolution of disputes in an informal and less adversarial atmosphere than a judicial setting. A DRC may be created and operated by a city or county, or by a nonprofit corporation.

Participation by all parties is voluntary, and services offered by a DRC must be provided without charge to the participants or for a fee which is based upon the participant's ability to pay. Typical cases handled by DRCs involve:

- landlords and tenants;
- consumers and merchants;
- neighbors;
- citizens and agencies;
- employees and employers;
- families; and
- divorcing and divorced couples.

County legislative authorities may impose a surcharge of up to \$10 on each civil filing fee in District Court, and a surcharge of up to \$15 on each filing fee for small claims actions for the purpose of funding DRCs. Surcharges are collected by the clerk of the court and remitted to the county treasurer for deposit in a separate account used solely for DRCs.

**Summary of Substitute Bill:**

A county legislative authority may impose a surcharge of up to \$20 on each civil filing fee in superior court for the purpose of funding DRCs. The maximum amount of a DRC surcharge that may be imposed in district or small claims courts is raised as follows:

- In district court, the maximum surcharge on each civil filing fee is raised from \$10 to \$20.

- In small claims court, the maximum on each filing fee is raised from \$15 to \$20.

These flat fee levels may be adjusted annually up to the state's fiscal growth factor. "Fiscal growth factor" means the average growth in state personal income for the prior 10 fiscal years.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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

**Staff Summary of Public Testimony (Judiciary):**

(In support) The DRCs are doing an excellent job. By handling these cases, there are fewer cases going to court, and thus DRCs are providing savings to the court system. The DRCs do require financing in order to do their job. These surcharges are on civil cases, not criminal cases, and therefore will not be an additional legal financial obligation that a criminal defendant may incur. The term used is "may", and a county legislative authority is not required to impose a surcharge. The DRCs must be accessible and affordable. With the growth in use of DRCs, they have become more and more strapped for money. Not all counties have surcharges for DRCs, and of those that do, not all counties have set them at the maximum rate. According to the Administrative Office of the Courts, it costs \$500 for 30 minutes of courtroom time; the DRCs keep cases out of courtrooms and thus save millions of dollars.

(Opposed) This legislation is opposed. The DRCs are valuable, but they shouldn't be funded through surcharges. Fee surcharges make courts less accessible to the poor because they become part of the costs of an action and get passed on to the debtor. The DRCs should be funded as a basic need of government via appropriations.

**Staff Summary of Public Testimony (General Government & Information Technology):**

(In support) Substitute House Bill 2674 is a straightforward bill. Dispute Resolution Centers (DRCs) help resolve many civil cases and dramatically decrease our court costs, but the courts need funding. This bill allows for an additional surcharge on civil filing fees to fund DRCs, and allows county councils to decide whether or not they want to impose the fees. The only amendment made in the Judiciary Committee was to clarify that these surcharges are only on civil cases. This bill does not fall under the legal financial obligations issue we have with criminal cases.

(Opposed) Dispute Resolution Centers are valuable and perform a valuable function. However, they should be funded by the people who use them. Tacking a potential \$20 fee onto every superior court filing is not the appropriate way to fund these DRCs. The people who want to use these DRCs should be the ones funding them. Applying additional fees to counterclaims is another burden for ordinary citizens brought into court by a bank or

corporation. This is an economic barrier to the average citizen trying to access the court system and maintain their rights. We should find another way to fund these DRCs.

**Persons Testifying** (Judiciary): (In support) Representative Jinkins, prime sponsor; and Evan Ferber, Resolution Washington.

(Opposed) Chester Baldwin, Washington Collectors Association.

**Persons Testifying** (General Government & Information Technology): (In support) Representative Jinkins, prime sponsor.

(Opposed) Arthur West.

**Persons Signed In To Testify But Not Testifying** (Judiciary): None.

**Persons Signed In To Testify But Not Testifying** (General Government & Information Technology): None.