

HOUSE BILL REPORT

SSB 6074

As Passed House:
March 6, 2020

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

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

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators Dhingra, Rivers, Padden, Mullet, Van De Wege, Randall, Salomon, Keiser, Conway, Pedersen, Kuderer, Das and Stanford).

Brief History:

Committee Activity:

Civil Rights & Judiciary: 2/25/20, 2/26/20 [DP].

Floor Activity:

Passed House: 3/6/20, 97-0.

Brief Summary of Substitute Bill

- Extends the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) until 2030.
- Extends and increases the surcharges dedicated to funding the Program.
- Requires the Department of Commerce to include in its annual report information about the Program's use of funds and funding needs.

HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

Majority Report: Do pass. Signed by 12 members: Representatives Kilduff, Chair; Thai, Vice Chair; Dufault, Assistant Ranking Minority Member; Goodman, Graham, Hansen, Kirby, Klippert, Peterson, Valdez, Walen and Ybarra.

Staff: Edie Adams (786-7180).

Background:

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.

The Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) within the Department of Commerce (Department) was created in 2008 with an original expiration date of July 1, 2015. In 2015 the Legislature extended the Program, which is now set to expire on July 1, 2020. The Program consists of two regional financial fraud and identity theft crime task forces: the Central Puget Sound Task Force that includes King, Pierce, and Snohomish counties; and the Spokane County Task Force.

The task forces include representatives of local law enforcement agencies, county prosecutors, the Office of the Attorney General, financial institutions, and other law enforcement entities. The task forces employ law enforcement, investigation, and prosecutorial staff dedicated to investigating and prosecuting financial fraud and identity theft crimes, focusing on complex regional and multijurisdictional cases. Financial fraud and identity theft crimes include those that involve: check fraud, chronic unlawful issuance of bank checks, embezzlement, credit/debit card fraud, identity theft, forgery, counterfeit instruments such as checks or documents, organized counterfeit check rings, and organized identification theft rings.

The Department must submit an annual report to the Legislature and Governor regarding the progress of the Program and the task forces, and provide recommendations on changes to the Program, including expansion.

The Program is funded through surcharges on filings with the Uniform Commercial Code (UCC) program within the Department of Licensing. The UCC program files financing statements and other documents evidencing liens against personal property. The surcharges are \$10 for both paper and electronic filings. Revenues from these surcharges are deposited into the Financial Fraud and Identity Theft Investigation and Prosecution Program Account, which may be used only to support the activities of the task forces and the expenses of the Department in administering the Program. These surcharges will expire in 2020.

Summary of Bill:

The expiration date for the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) is extended to July 1, 2030. Surcharges on Uniform Commercial Code program filings with the Department of Licensing are increased from \$10 to \$15 for both paper and electronic filings. These surcharges will expire July 1, 2030.

The Department of Commerce must include in its annual report information on the Program's use of funds and funding needs to facilitate a biennial review of the Program's funding.

Appropriation: None.

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:

(In support) The Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) strengthens the cooperation between the financial industry and law enforcement agencies to increase their ability to respond to financial fraud and identity theft. Since 2011 the Program's task forces have conducted over 6,000 investigations, and of those around 4,600 counts were filed and 4,000 convictions obtained. The Program is funded entirely through fees on Uniform Commercial Code filings, and these fees are supported by the business community.

Identity theft continues to top the list of offenses reported to the Federal Trade Commission and other enforcement agencies. The Program has been crucial in helping the state combat identity theft and other forms of financial fraud. The task forces created by the Program not only investigate and prosecute crimes of financial fraud and identity theft, but also provide free training to law enforcement officers, prosecutors, and financial institutions.

(Opposed) None.

Persons Testifying: Dave Pringle, Department of Commerce; Joyce Bruce, Office of the Attorney General; and Patrick Hinds, Greater Puget Sound Financial Fraud and Identity Theft Task Force and King County Prosecuting Attorney's Office.

Persons Signed In To Testify But Not Testifying: None.