H-0554.1

HOUSE BILL 1385

State of Washington 68th Legislature 2023 Regular Session

By Representatives Hackney, Goodman, Fitzgibbon, and Simmons

Read first time 01/17/23. Referred to Committee on Civil Rights & Judiciary.

- AN ACT Relating to seizure and forfeiture procedures and reporting; amending RCW 9.68A.120, 9A.88.150, 9A.83.030, 10.105.010, 19.290.230, 46.61.5058, 70.74.400, 77.15.070, and 38.42.020; reenacting and amending 69.50.505; adding a new chapter to Title 7 RCW; creating a new section; prescribing penalties; and providing an effective date.
- 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 8 <u>NEW SECTION.</u> **Sec. 1.** This chapter provides standard procedures 9 governing civil asset forfeiture and is applicable to laws of this 10 state that authorize civil forfeiture of property and that indicate 11 the provisions of this chapter apply.
- Sec. 2. (1) Except with respect to contraband 12 NEW SECTION. items, which shall be seized and summarily forfeited, proceedings for 13 forfeiture are deemed commenced by the seizure. The agency under 14 15 whose authority the seizure was made shall cause notice to be served 16 within 15 days following the seizure on the owner of the property 17 seized and the person in charge thereof and any person having any known right or interest therein, including any community property 18 interest, of the seizure and intended forfeiture of the seized 19 20 property. Service of notice of seizure of real property must be made

p. 1 HB 1385

according to the rules of civil procedure. However, a default judgment with respect to real property may not be obtained against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter 62A.9A RCW, or a certificate of title, must be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title. The notice of seizure in other cases may be served by any method authorized by law or court rule including, but not limited to, service by certified mail with return receipt requested. Service by mail is deemed complete upon mailing within the 15-day period following the seizure.

(2) If no person notifies the seizing agency in writing of the person's claim of ownership or right to possession of an item seized within 60 days of the service of notice from the seizing agency in the case of personal property and 120 days in the case of real property, the item seized is deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

- (3) If any person notifies the seizing agency in writing of the person's claim of ownership or right to possession of an item seized within 60 days of the service of notice from the seizing agency in the case of personal property and 120 days in the case of real property, the person or persons must be afforded a reasonable opportunity to be heard as to the claim or right. The notice of claim may be served by any method authorized by law or court rule including, but not limited to, service by first-class mail. Service by mail is deemed complete upon mailing within the 60-day period following service of the notice of seizure in the case of personal property and within the 120-day period following service of the notice of seizure in the case of real property.
- (4) The hearing must be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except that where the seizing agency is a state agency as

p. 2 HB 1385

defined in RCW 34.12.020(4), the hearing must be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW. Such a hearing and any appeal therefrom must be under Title 34 RCW.

- (5) Any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal of any matter involving personal property may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within 45 days after the person seeking removal has notified the seizing agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed must be the district court when the aggregate value of personal property is within the jurisdictional limit set forth in RCW 3.66.020.
- (6)(a) Whether the matter is heard under Title 34 RCW pursuant to subsection (4) of this section or removed to court pursuant to subsection (5) of this section, the burden of proof is upon the seizing agency to establish, by a preponderance of the evidence, that the property is subject to forfeiture.
- (b) No personal property may be forfeited to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent;
- (c) No real property may be forfeited to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent.
- (d) A forfeiture of real property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party, at the time the security interest was created, neither had knowledge of nor consented to the act or omission.
- (7) The seizing agency shall promptly return seized items, in the same or substantially similar condition as when they were seized, to the claimant upon a determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession thereof.
- (8) In any proceeding to forfeit property under this chapter, where the claimant substantially prevails, the claimant is entitled to reasonable attorneys' fees reasonably incurred by the claimant.

p. 3 HB 1385

- 1 (9) The protections afforded by the service members' civil relief 2 act, chapter 38.42 RCW, are applicable to proceedings under this 3 chapter.
- MEW SECTION. Sec. 3. (1) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. Orders for the forfeiture of real property shall be entered by the superior court, subject to court rules. Such an order shall be filed by the seizing agency in the county auditor's records in the county in which the real property is located.
 - (2)(a) A landlord may assert a claim against proceeds from the sale of assets seized and forfeited only if:

- (i) An employee, agent, or officer of the seizing agency, while acting in his or her official capacity, directly caused damage to the complaining landlord's property while executing a search of a tenant's residence; and
- (ii) The landlord has applied any funds remaining in the tenant's deposit, to which the landlord has a right under chapter 59.18 RCW, to cover the damage directly caused by the employee, agent, or officer of the seizing agency prior to asserting a claim under the provisions of this section;
- (A) Only if the funds applied under (a)(ii) of this subsection are insufficient to satisfy the damage directly caused by the employee, agent, or officer of the seizing agency, may the landlord seek compensation for the damage by filing a claim against the governmental entity under whose authority the seizing agency operates within 30 days after the search;
- (B) Only if the governmental entity denies or fails to respond to the landlord's claim within 60 days of the date of filing, may the landlord collect damages under this subsection by filing within 30 days of denial or the expiration of the 60-day period, whichever occurs first, a claim with the seizing agency. The seizing agency must notify the landlord of the status of the claim by the end of the 30-day period. Nothing in this section requires the claim to be paid by the end of the 60-day or 30-day period.
- (b) For any claim filed under (a)(ii) of this subsection, the seizing agency shall pay the claim unless the agency provides substantial proof that the landlord either:

p. 4 HB 1385

- 1 (i) Knew or consented to actions of the tenant in violation of 2 this chapter or the chapter pursuant to which the seizure was made; 3 or
 - (ii) Failed to respond to a notification of the illegal activity, provided by a law enforcement agency under RCW 59.18.075, within seven days of receipt of notification of the illegal activity.
 - (3) The landlord's claim for damages under subsection (2) of this section may not include a claim for loss of business and is limited to:
 - (a) Damage to tangible property and clean-up costs;

5

7

8

10

16

17

18

19

2021

22

23

2425

3435

36

39

- 11 (b) The lesser of the cost of repair or fair market value of the 12 damage directly caused by the employee, agent, or officer of the 13 seizing agency;
- 14 (c) The proceeds from the sale of the specific tenant's property 15 seized and forfeited; and
 - (d) The proceeds available after the seizing law enforcement agency satisfies any bona fide security interest in the tenant's property and costs related to sale of the tenant's property.
 - (4) Subsections (2) and (3) of this section do not limit any other rights a landlord may have against a tenant to collect for damages. However, if a seizing agency satisfies a landlord's claim under subsection (2) of this section, the rights the landlord has against the tenant for damages directly caused by an employee, agent, or officer of the seizing agency under the terms of the landlord and tenant's contract are subrogated to the seizing agency.
- NEW SECTION. Sec. 4. When property is forfeited under this chapter, the seizing agency may, after satisfying any court-ordered restitution:
- 29 (1) Retain it for official use or upon application by any law 30 enforcement agency of this state release such property to such agency 31 to be used in enforcement;
- 32 (2) Sell that which is not required to be destroyed by law and 33 which is not harmful to the public;
 - (3) Request the appropriate sheriff or director of public safety to take custody of the property and remove it for disposition in accordance with law;
- 37 (4) Forward it to an appropriate entity, such as the drug 38 enforcement administration, for disposition; or
 - (5) Take any other action allowed by statute.

p. 5 HB 1385

- NEW SECTION. Sec. 5. (1) This section is applicable to all seizures by seizing agencies, regardless of whether the seizure is:
 - (a) Pursuant to this chapter;

4

5

8

9

10 11

12

16

17

18

2829

30 31

32

35

- (b) Pursuant to any other section in the Revised Code of Washington that authorizes seizure; or
- 6 (c) Conducted in collaboration with a federal agency under 7 federal law.
 - (2) For purposes of this section, "seizing agency" means any police force, multijurisdictional task force, fire department, or other municipal, county, or state agency that has authority under state law or collaborates with a federal agency under federal law to seize property.
- 13 (3)(a) The seizing agency must keep a record, about property 14 seized and forfeited under state law and any agreement with any 15 federal agency, of each forfeiture indicating:
 - (i) The name of the seizing agency;
 - (ii) Date of seizure;
 - (iii) Type of property seized;
- 19 (iv) Description of the property including make, model, year, and 20 serial number;
- 21 (v) Street address or description of the location where the 22 seizure occurred;
- (vi) Whether the seizure was adopted by the federal government, part of a joint task force with the federal government, or other arrangement with the federal government;
- 26 (vii) Whether the forfeiture was contested by a suspect, innocent 27 owner claimant, joint owner, or other property owner;
 - (viii) Disposition of the property through the forfeiture process, such as returned to suspect, returned to a joint owner or third-party owner, sold, destroyed, or retained by a law enforcement agency;
 - (ix) Date of disposition of the property;
- 33 (x) Whether the forfeiture was resolved by way of a default, 34 contested hearing or agreed disposition or settlement;
 - (xi) Value of the property forfeited; and
- 36 (xii) The net proceeds retained by the law enforcement agency 37 that seized the property.
- 38 (b) Annually, on a date specified by the state treasurer, the 39 seizing agency shall file a report, that includes all of the records 40 in (a) of this subsection, to the state treasurer. The state

p. 6 HB 1385

- 1 treasurer must establish and maintain a searchable public web site that includes all of the records in (a) of this subsection. The 2 annual report need not include a record of forfeited property that is 3 still being held for use as evidence during the investigation or 4 prosecution of a case or during the appeal from a conviction. The 5 6 commander of a multijurisdictional task force may appoint one agency 7 to report its seizures. If an agency has made no seizures during the previous year, a null report must be filed by the agency specifying 8 that it did not engage in seizures or forfeitures during the 9 reporting period. 10
 - (c) By March 1st each year, the seizing agency shall file with the state treasurer a report that summarizes the agency's expenditures from the sum of the net proceeds of all seized and forfeited property during the previous calendar year. The report must be posted and made available on the web site created in this subsection (3). The report must use the following categories to summarize expenditures and values:
 - (i) Abuse, crime, and gang prevention programs;
 - (ii) Witness protection, informant fees, and controlled buys;
 - (iii) Salaries, overtime, and benefits;

13

14

1516

17

18

19

20

28

31

32

33

34

3536

37

3839

- (iv) Professional outside services, including auditing, court reporting, expert witnesses, outside attorneys' fees, and membership fees paid to trade associations;
- 24 (v) Travel, meals, conferences, training, and continuing 25 education seminars;
- 26 (vi) Capital expenditures including vehicles, firearms, 27 equipment, computers, and furniture;
 - (vii) Other expenditures of forfeiture proceeds; and
- (viii) The total value of forfeited property held by the agency at the end of the reporting period.
 - (4) One hundred twenty days after the close of each fiscal year, the state treasurer shall submit to the speaker of the house of representatives, president of the senate, attorney general, and governor a written report summarizing forfeiture activity in the state for the preceding fiscal year; the type, approximate value, and disposition of the property seized; and the amount of any proceeds received or expended at the state and local levels. The report must provide a categorized accounting of all proceeds expended. Summary data on seizures, forfeitures, and expenditures of forfeiture

p. 7 HB 1385

proceeds must be disaggregated by agency. The aggregate report must be made available on the state treasurer's web site.

- (5) The state treasurer may include in the aggregate report required by subsection (4) of this section recommendations to improve statutes, rules, and policies to facilitate seizure, forfeiture, and expenditure processes and reporting that are fair to crime victims, innocent property owners, secured interest holders, citizens, law enforcement, and taxpayers.
- (6) If a seizing agency fails to file a report within 30 days after it is due, without good cause as determined by the state treasurer, the state treasurer shall provide a written warning to the seizing agency. If a seizing agency fails to file the report within 30 days after it is due for a second time, the agency is subject to a civil penalty payable to the state general fund of \$500 or the equivalent of one-quarter of the forfeiture proceeds received by the agency during the reporting period, whichever is greater.
- 17 (7) The data and reports compiled and prepared under this chapter 18 are public information under chapter 42.56 RCW.
- NEW SECTION. Sec. 6. (1)(a)(i) Except as provided in (a)(ii) of this subsection, by January 31st of each year, each seizing agency shall remit to the state treasurer an amount equal to 10 percent of the net proceeds of any property forfeited during the preceding calendar year. Money remitted shall be deposited in the state general fund unless otherwise provided in statute.
 - (ii) By January 31st of each year, each seizing agency shall remit to the state an amount equal to 10 percent of the net proceeds of any property forfeited under RCW 10.105.010 and 46.61.5058 during the preceding calendar year for deposit into the behavioral health loan repayment program account created in RCW 28B.115.135 through June 30, 2027, and into the state general fund thereafter.
 - (b) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents, and the cost of any valid landlord's claim for damages under section 3 of this act.
 - (c) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the

p. 8 HB 1385

- property at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing for valuation of motor vehicles. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an
- appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.
- 9 (2) Forfeited property and net proceeds not required to be paid 10 to the state shall be retained by the seizing agency exclusively for 11 the expansion and improvement of related enforcement activities.
- 12 Money retained under this section may not be used to supplant 13 preexisting funding sources.
- NEW SECTION. Sec. 7. The state treasurer may adopt rules necessary to implement this chapter.
- 16 **Sec. 8.** RCW 9.68A.120 and 2022 c 162 s 4 are each amended to 17 read as follows:
- The following are subject to seizure and forfeiture:

2223

24

25

26

27

2829

30

31

32

3334

35 36

- 19 (1) All visual or printed matter that depicts a minor engaged in 20 sexually explicit conduct.
 - (2) All raw materials, equipment, and other tangible personal property of any kind used or intended to be used to manufacture or process any visual or printed matter that depicts a minor engaged in sexually explicit conduct, and all conveyances, including aircraft, vehicles, or vessels that are used or intended for use to transport, or in any manner to facilitate the transportation of, visual or printed matter in violation of RCW 9.68A.050 or 9.68A.060, but:
 - (a) No conveyance used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of this chapter;
 - (b) No property is subject to forfeiture under this section by reason of any act or omission ((established by the owner of the property to have been)) committed or omitted without the owner's knowledge or consent;
- 37 (c) A forfeiture of property encumbered by a bona fide security 38 interest is subject to the interest of the secured party if the

p. 9 HB 1385

secured party neither had knowledge of nor consented to the act or omission; and

1 2

- (d) When the owner of a conveyance has been arrested under this chapter the conveyance may not be subject to forfeiture unless it is seized or process is issued for its seizure within ten days of the owner's arrest.
- (3) All personal property, moneys, negotiable instruments, securities, or other tangible or intangible property furnished or intended to be furnished by any person in exchange for visual or printed matter depicting a minor engaged in sexually explicit conduct, or constituting proceeds traceable to any violation of this chapter.
- (4) Property subject to forfeiture under this chapter may be seized by any law enforcement officer of this state upon process issued by any superior court having jurisdiction over the property. Seizure without process may be made if:
- (a) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant;
- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter;
- (c) A law enforcement officer has probable cause to believe that the property is directly or indirectly dangerous to health or safety; or
- (d) The law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of this chapter.
- (5) In the event of seizure under subsection (4) of this section, proceedings for forfeiture ((shall be deemed commenced by the seizure. The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, of the seizure and intended forfeiture of the seized property. The notice may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen day period following the seizure.

p. 10 HB 1385

(6) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of seized items within forty-five days of the seizure, the item seized shall be deemed forfeited.

1

2

3

4

5

7

8

9

11

12

13

14 15

1617

18

19

2021

22

2324

25

2627

28

2930

31

32

33

3435

3637

3839

(7) If any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of seized items within forty-five days of the seizure, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The hearing shall be before an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction if the aggregate value of the article or articles involved is more than five hundred dollars. The hearing before an administrative law judge and any appeal therefrom shall be under Title 34 RCW. In a court hearing between two or more claimants to the article or articles involved, the prevailing party shall be entitled to a judgment for costs and reasonable attorney's fees. The burden of producing evidence shall be upon the person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the seized items. The seizing law enforcement agency shall promptly return the article or articles to the claimant upon a determination by the administrative law judge or court that the claimant is lawfully entitled to possession thereof of the seized items.

- (8) If property is sought to be forfeited on the ground that it constitutes proceeds traceable to a violation of this chapter, the seizing law enforcement agency must prove by a preponderance of the evidence that the property constitutes proceeds traceable to a violation of this chapter.
- (9) When property is forfeited under this chapter the seizing law enforcement agency may:
- (a) Retain it for official use or upon application by any law enforcement agency of this state release the property to that agency for the exclusive use of enforcing this chapter or chapter 9A.88 RCW;
- (b) Sell that which is not required to be destroyed by law and which is not harmful to the public; or
- (c) Request the appropriate sheriff or director of public safety to take custody of the property and remove it for disposition in accordance with law.

p. 11 HB 1385

(10) (a) By January 31st of each year, each seizing agency shall remit to the state an amount equal to ten percent of the net proceeds of any property forfeited during the preceding calendar year. Money remitted shall be deposited in the prostitution prevention and intervention account under RCW 43.63A.740.

- (b) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to an independent selling agency.
- (c) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the property at the time of seizure determined when possible by reference to an applicable commonly used index. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.
- (11) Forfeited property and net proceeds not required to be remitted to the state under this chapter shall be used for payment of all proper expenses of the investigation leading to the seizure, including any money delivered to the subject of the investigation by the law enforcement agency, and of the proceedings for forfeiture and sale, including expenses of seizure, maintenance of custody, advertising, actual costs of the prosecuting or city attorney, and court costs. Money remaining after payment of these expenses shall be retained by the seizing law enforcement agency for the exclusive use of enforcing the provisions of this chapter or chapter 9A.88 RCW)) are governed by chapter 7.--- RCW (the new chapter created in section 18 of this act).
- Sec. 9. RCW 9A.88.150 and 2022 c 162 s 5 are each amended to read as follows:
- (1) The following are subject to seizure and forfeiture and no property right exists in them:
 - (a) Any property or other interest acquired or maintained in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070 to the extent of the investment of funds, and any appreciation or income attributable

p. 12 HB 1385

1 to the investment, from a violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070;

3

4

5

7

8

9

10 11

12

1314

24

2526

27

2829

30 31

32

- (b) All conveyances, including aircraft, vehicles, or vessels, which are used, or intended for use, in any manner to facilitate a violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070, except that:
- (i) No conveyance used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070;
- (ii) No conveyance is subject to forfeiture under this section by reason of any act or omission ((established by the owner thereof to have been)) committed or omitted without the owner's knowledge or consent;
- (iii) A forfeiture of a conveyance encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to the act or omission; and
- (iv) When the owner of a conveyance has been arrested for a violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070, the conveyance in which the person is arrested may not be subject to forfeiture unless it is seized or process is issued for its seizure within ten days of the owner's arrest;
 - (c) Any property, contractual right, or claim against property used to influence any enterprise that a person has established, operated, controlled, conducted, or participated in the conduct of, in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070;
 - (d) All proceeds traceable to or derived from an offense defined in RCW 9.68A.100, 9.68A.101, or 9A.88.070 and all moneys, negotiable instruments, securities, and other things of value significantly used or intended to be used significantly to facilitate commission of the offense;
- 33 (e) All books, records, and research products and materials, 34 including formulas, microfilm, tapes, and data which are used, or 35 intended for use, in violation of RCW 9.68A.100, 9.68A.101, or 36 9A.88.070;
- 37 (f) All moneys, negotiable instruments, securities, or other 38 tangible or intangible property of value furnished or intended to be 39 furnished by any person in exchange for a violation of RCW 9.68A.100, 40 9.68A.101, or 9A.88.070, all tangible or intangible personal

p. 13 HB 1385

property, proceeds, or assets acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070, and all moneys, negotiable instruments, and securities used or intended to be used to facilitate any violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070. A forfeiture of money, negotiable instruments, securities, or other tangible or intangible property encumbered by a bona fide security interest is subject to the interest of the secured party if, at the time the security interest was created, the secured party neither had knowledge of nor consented to the act or omission. No personal property may be forfeited under this subsection (1)(f), to the extent of the interest of an owner, by reason of any act or omission ((τ) which that owner establishes was)) committed or omitted without the owner's knowledge or consent; and

(g) All real property, including any right, title, and interest in the whole of any lot or tract of land, and any appurtenances or improvements which are being used with the knowledge of the owner for a violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070, or which have been acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070, if a substantial nexus exists between the violation and the real property. However:

- (i) No property may be forfeited pursuant to this subsection (1)(g), to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent;
- (ii) A forfeiture of real property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party, at the time the security interest was created, neither had knowledge of nor consented to the act or omission.
- (2) Real or personal property subject to forfeiture under this section may be seized by any law enforcement officer of this state upon process issued by any superior court having jurisdiction over the property. Seizure of real property shall include the filing of a lis pendens by the seizing agency. Real property seized under this section shall not be transferred or otherwise conveyed until ninety days after seizure or until a judgment of forfeiture is entered, whichever is later: PROVIDED, That real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a

p. 14 HB 1385

security interest. Seizure of personal property without process may be made if:

1

2

3

5

7

8

9

11

12

13

1415

16

17

18

19

20

21

22

2324

25

26

27

28

29

30

31

32

33

3435

36

37

3839

40

- (a) The seizure is incident to an arrest or a search under a search warrant;
- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding; or
- (c) The law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070.
- (3) In the event of seizure pursuant to subsection (2) of this section, proceedings for forfeiture ((shall be deemed commenced by the seizure. The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. Service of notice of seizure of real property shall be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement, or a certificate of title, shall be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title. The notice of seizure in other cases may be served by any method authorized by law or court rule including, but not limited to, service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen day period following the seizure.
- (4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the service of notice from the seizing agency in the case of personal property and ninety days in the case of real property, the item seized shall be deemed forfeited. The community property

p. 15 HB 1385

interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

1

2

3

4

6

7

8

9

11

12

13

14 15

16

1718

19

20

2122

2324

25

26

2728

2930

3132

33

3435

36

3738

39

(5) If any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the service of notice from the seizing agency in the case of personal property and ninety days in the case of real property, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The notice of claim may be served by any method authorized by law or court rule including, but not limited to, service by first-class mail. Service by mail shall be deemed complete upon mailing within the forty-five day period following service of the notice of seizure in the case of personal property and within the ninety day period following service of the notice of seizure in the case of real property. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal of any matter involving personal property may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within forty-five days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed shall be the district court when the aggregate value of personal property is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom shall be under Title 34 RCW. In all cases, the burden of proof is upon the law enforcement agency to establish, by a preponderance of the evidence, that the property is subject to forfeiture.

p. 16 HB 1385

The seizing law enforcement agency shall promptly return the article or articles to the claimant upon a determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession thereof of items specified in subsection (1) of this section.

- (6) In any proceeding to forfeit property under this title, where the claimant substantially prevails, the claimant is entitled to reasonable attorneys' fees reasonably incurred by the claimant. In addition, in a court hearing between two or more claimants to the article or articles involved, the prevailing party is entitled to a judgment for costs and reasonable attorneys' fees.
- (7) When property is forfeited under this chapter, the seizing law enforcement agency may:
- (a) Retain it for official use or upon application by any law enforcement agency of this state release the property to that agency for the exclusive use of enforcing this chapter or chapter 9.68A RCW;
- (b) Sell that which is not required to be destroyed by law and which is not harmful to the public; or
- (c) Request the appropriate sheriff or director of public safety to take custody of the property and remove it for disposition in accordance with law.
- (8) (a) When property is forfeited, the seizing agency shall keep a record indicating the identity of the prior owner, if known, a description of the property, the disposition of the property, the value of the property at the time of seizure, and the amount of proceeds realized from disposition of the property.
- (b) Each seizing agency shall retain records of forfeited property for at least seven years.
- (c) Each seizing agency shall file a report including a copy of the records of forfeited property with the state treasurer each calendar guarter.
- (d) The quarterly report need not include a record of forfeited property that is still being held for use as evidence during the investigation or prosecution of a case or during the appeal from a conviction.
- (9) (a) By January 31st of each year, each seizing agency shall remit to the state an amount equal to ten percent of the net proceeds of any property forfeited during the preceding calendar year. Money remitted shall be deposited in the prostitution prevention and intervention account under RCW 43.63A.740.

p. 17 HB 1385

(b) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents, and the cost of any valid landlord's claim for damages under subsection (12) of this section.

(c) The value of sold forfeited property is the sale price. The value of destroyed property and retained firearms or illegal property is zero.

(10) Net proceeds not required to be remitted to the state shall be used for payment of all proper expenses of the investigation leading to the seizure, including any money delivered to the subject of the investigation by the law enforcement agency, and of the proceedings for forfeiture and sale, including expenses of seizure, maintenance of custody, advertising, actual costs of the prosecuting or city attorney, and court costs. Money remaining after payment of these expenses shall be retained by the seizing law enforcement agency for the exclusive use of enforcing the provisions of this chapter or chapter 9.68A RCW.

(11) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. Orders for the forfeiture of real property shall be entered by the superior court, subject to court rules. Such an order shall be filed by the seizing agency in the county auditor's records in the county in which the real property is located.

(12) A landlord may assert a claim against proceeds from the sale of assets seized and forfeited under subsection (9) of this section, only if:

- (a) A law enforcement officer, while acting in his or her official capacity, directly caused damage to the complaining landlord's property while executing a search of a tenant's residence;
- (b) The landlord has applied any funds remaining in the tenant's deposit, to which the landlord has a right under chapter 59.18 RCW, to cover the damage directly caused by a law enforcement officer prior to asserting a claim under the provisions of this section:
- (i) Only if the funds applied under (b) of this subsection are insufficient to satisfy the damage directly caused by a law

p. 18 HB 1385

enforcement officer, may the landlord seek compensation for the damage by filing a claim against the governmental entity under whose authority the law enforcement agency operates within thirty days after the search;

- (ii) Only if the governmental entity denies or fails to respond to the landlord's claim within sixty days of the date of filing, may the landlord collect damages under this subsection by filing within thirty days of denial or the expiration of the sixty day period, whichever occurs first, a claim with the seizing law enforcement agency. The seizing law enforcement agency must notify the landlord of the status of the claim by the end of the thirty day period. Nothing in this section requires the claim to be paid by the end of the sixty day or thirty day period; and
- (c) For any claim filed under (b) of this subsection, the law enforcement agency shall pay the claim unless the agency provides substantial proof that the landlord either:
- (i) Knew or consented to actions of the tenant in violation of RCW 9.68A.100, 9.68A.101, or 9A.88.070; or
- (ii) Failed to respond to a notification of the illegal activity, provided by a law enforcement agency under RCW 59.18.075, within seven days of receipt of notification of the illegal activity.
- (13) The landlord's claim for damages under subsection (12) of this section may not include a claim for loss of business and is limited to:
 - (a) Damage to tangible property and clean-up costs;
- (b) The lesser of the cost of repair or fair market value of the damage directly caused by a law enforcement officer;
- (c) The proceeds from the sale of the specific tenant's property seized and forfeited under subsection (9) of this section; and
- (d) The proceeds available after the seizing law enforcement agency satisfies any bona fide security interest in the tenant's property and costs related to sale of the tenant's property as provided by subsection (12) of this section.
- (14) Subsections (12) and (13) of this section do not limit any other rights a landlord may have against a tenant to collect for damages. However, if a law enforcement agency satisfies a landlord's claim under subsection (12) of this section, the rights the landlord has against the tenant for damages directly caused by a law enforcement officer under the terms of the landlord and tenant's contract are subrogated to the law enforcement agency)) are governed

p. 19 HB 1385

- by chapter 7.--- RCW (the new chapter created in section 18 of this
 act).
 - Sec. 10. RCW 9A.83.030 and 2020 c 62 s 1 are each amended to read as follows:

- (1) Proceeds traceable to or derived from specified unlawful activity or a violation of RCW 9A.83.020 are subject to seizure and forfeiture. The attorney general or county prosecuting attorney may file a civil action for the forfeiture of proceeds. Unless otherwise provided for under this section, no property rights exist in these proceeds. All right, title, and interest in the proceeds shall vest in the governmental entity of which the seizing law enforcement agency is a part upon commission of the act or omission giving rise to forfeiture under this section.
- (2) Real or personal property subject to forfeiture under this chapter may be seized by any law enforcement officer of this state upon process issued by a superior court that has jurisdiction over the property. Any agency seizing real property shall file a lis pendens concerning the property. Real property seized under this section shall not be transferred or otherwise conveyed until ninety days after seizure or until a judgment of forfeiture is entered, whichever is later. Real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a security interest. Seizure of personal property without process may be made if:
- (a) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant issued pursuant to RCW 69.50.502; or
- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter.
- (3) A seizure under subsection (2) of this section commences proceedings for forfeiture <u>pursuant to chapter 7.--- RCW</u> (the new chapter created in section 18 of this act). ((The law enforcement agency under whose authority the seizure was made shall cause notice of the seizure and intended forfeiture of the seized proceeds to be served within fifteen days after the seizure on the owner of the property seized and the person in charge thereof and any person who has a known right or interest therein, including a community property interest. Service of notice of seizure of real property shall be made

p. 20 HB 1385

according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. The notice of seizure in other cases may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail is complete upon mailing within the fifteen-day period after the seizure.

- (4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the property within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the property seized shall be deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.
- (5) If a person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of property within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The provisions of RCW 69.50.505(5) shall apply to any such hearing. The seizing law enforcement agency shall promptly return property to the claimant upon the direction of the administrative law judge or court.
- 30 (6) Disposition of forfeited property shall be made in the manner 31 provided for in RCW 69.50.505 (8) through (10) and (14) or 9.46.231 32 (6) through (8) and (10).))
 - Sec. 11. RCW 10.105.010 and 2022 c 162 s 3 are each amended to read as follows:
 - (1) The following are subject to seizure and forfeiture and no property right exists in them: All personal property, including, but not limited to, any item, object, tool, substance, device, weapon, machine, vehicle of any kind, money, security, or negotiable instrument, which has been or was actually employed as an

p. 21 HB 1385

instrumentality in the commission of, or in aiding or abetting in the commission of any felony, or which was furnished or was intended to be furnished by any person in the commission of, as a result of, or as compensation for the commission of, any felony, or which was acquired in whole or in part with proceeds traceable to the commission of a felony. No property may be forfeited under this section until after there has been a superior court conviction of the owner of the property for the felony in connection with which the property was employed, furnished, or acquired.

A forfeiture of property encumbered by a bona fide security interest is subject to the interest of the secured party if at the time the security interest was created, the secured party neither had knowledge of nor consented to the commission of the felony.

- (2) Personal property subject to forfeiture under this chapter may be seized by any law enforcement officer of this state upon process issued by any superior court having jurisdiction over the property. Seizure of personal property without process may be made if:
- (a) The seizure is incident to an arrest or a search under a search warrant;
- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding;
- (c) A law enforcement officer has probable cause to believe that the property is directly dangerous to health or safety; or
- (d) The law enforcement officer has probable cause to believe that the property was used or is intended to be used in the commission of a felony.
- (3) In the event of seizure pursuant to this section, proceedings for forfeiture ((shall be deemed commenced by the seizure. The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. The notice of seizure may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen day period following the seizure. Notice of

p. 22 HB 1385

seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter 62A.9A RCW, or a certificate of title shall be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title.

1

2

3

4

6 7

8

9

11

1213

14

15

16

1718

19 20

21

22

23

2425

26

27

2829

30

3132

33

3435

36

3738

39

(4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the seizure, the item seized shall be deemed forfeited.

(5) If a person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the seized property within forty-five days of the seizure, the law enforcement agency shall give the person or persons a reasonable opportunity to be heard as to the claim or right. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within forty-five days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed shall be the district court when the aggregate value of the property is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom shall be under Title 34 RCW. In a court hearing between two or more claimants to the property involved, the prevailing party shall be entitled to a judgment for costs and reasonable attorney's fees. The burden of producing evidence shall be upon the person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the property. The seizing law enforcement agency shall promptly return the property to the claimant upon a determination by the

p. 23 HB 1385

administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession of the property.

- (6) When property is forfeited under this chapter, after satisfying any court-ordered victim restitution, the seizing law enforcement agency may:
- (a) Retain it for official use or upon application by any law enforcement agency of this state release such property to such agency for the exclusive use of enforcing the criminal law;
- (b) Sell that which is not required to be destroyed by law and which is not harmful to the public.
- (7) By January 31st of each year, each seizing agency shall remit to the state an amount equal to ten percent of the net proceeds of any property forfeited during the preceding calendar year for deposit into the behavioral health loan repayment program account created in RCW 28B.115.135 through June 30, 2027, and into the state general fund thereafter.
- (a) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents.
- (b) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the property at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing for valuation of motor vehicles. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.
- (c) Retained property and net proceeds not required to be remitted to the state, or otherwise required to be spent under this section, shall be retained by the seizing law enforcement agency exclusively for the expansion and improvement of law enforcement activity. Money retained under this section may not be used to supplant preexisting funding sources)) are governed by chapter 7.--- RCW (the new chapter created in section 18 of this act).

p. 24 HB 1385

- 1 (4) When property is seized under this chapter and forfeited
 2 pursuant to chapter 7.--- RCW (the new chapter created in section 18
 3 of this act), the seizing agency must first satisfy any court-ordered
 4 victim restitution before retaining, using, selling, or taking other
 5 action with respect to the property as permitted under section 5 of
 6 this act.
- 7 **Sec. 12.** RCW 19.290.230 and 2013 c 322 s 27 are each amended to 8 read as follows:

10

11

12

13

1415

16

17

18

1920

21

22

2324

25

2627

2829

30

31

32

33

34

35

36

3738

39

- (1) The following personal property is subject to seizure and forfeiture and no property right exists in them: All personal property including, but not limited to, any item, object, tool, substance, device, weapon, machine, vehicle of any kind, money, security, or negotiable instrument, which the seizing agency proves by a preponderance of the evidence was used or intended to be used by its owner or the person in charge to knowingly or intentionally facilitate the commission of, or to knowingly or intentionally abet the commission of, a crime involving theft, trafficking, or unlawful possession of commercial metal property, or which the seizing agency proves by a preponderance of the evidence was knowingly or intentionally furnished or was intended to be furnished by any person in the commission of, as a result of, or as compensation for the commission of, a crime involving theft, trafficking, or the unlawful possession of commercial metal property, or which the property owner acquired in whole or in part with proceeds traceable to a knowing or intentional commission of a crime involving the theft, trafficking, or unlawful possession of commercial metal property provided that such activity is not less than a class C felony; except that:
- (a) No vehicle used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless the seizing agency proves by a preponderance of the evidence that the owner or other person in charge of the vehicle is a consenting party or is privy to any crime involving theft, trafficking, or the unlawful possession of commercial metal property;
- (b) A forfeiture of property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had actual or constructive knowledge of nor consented to the commission of any crime involving the theft, trafficking, or unlawful possession of commercial metal property; and

p. 25 HB 1385

(c) A property owner's property is not subject to seizure if an employee or agent of that property owner uses the property owner's property to knowingly or intentionally facilitate the commission of, or to knowingly or intentionally aid and abet the commission of, a crime involving theft, trafficking, or unlawful possession of commercial metal property, in violation of that property owner's instructions or policies against such activity, and without the property owner's knowledge or consent.

- (2) The following real property is subject to seizure and forfeiture and no property right exists in them: All real property, including any right, title, and interest in the whole of any lot or tract of land, and any appurtenances or improvements, that the seizing agency proves by a preponderance of the evidence are being used with the knowledge of the owner for the intentional commission of any crime involving the theft, trafficking, or unlawful possession of commercial metal property, or which have been acquired in whole or in part with proceeds traceable to the commission of any crime involving the trafficking, theft, or unlawful possession of commercial metal, if such activity is not less than a class C felony and a substantial nexus exists between the commission of the violation or crime and the real property. However:
- (a) No property may be forfeited pursuant to this subsection (2), to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's actual or constructive knowledge; and further, a property owner's real property is not subject to seizure if an employee or agent of that property owner uses the property owner's real property to knowingly or intentionally facilitate the commission of, or to knowingly or intentionally aid and abet the commission of, a crime involving theft, trafficking, or unlawful possession of commercial metal property, in violation of that property owner's instructions or policies against such activity, and without the property owner's knowledge or consent; and
- (b) A forfeiture of real property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party, neither had actual or constructive knowledge, nor consented to the act or omission.
- (3) Property subject to forfeiture under this chapter may be seized by any law enforcement officer of this state upon process issued by any superior court having jurisdiction over the property.

p. 26 HB 1385

1 Seizure of real property shall include the filing of a lis pendens by the seizing agency. Real property seized under this section shall not 2 be transferred or otherwise conveyed until ninety days after seizure 3 or until a judgment of forfeiture is entered, whichever is later: 4 PROVIDED, That real property seized under this section may be 5 6 transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a security interest. 7 Seizure of personal property without process may be made if: 8

(a) The seizure is incident to an arrest or a search under a search warrant; or

9

11

12

13

1415

1617

18

19

2021

2223

24

25

2627

28

2930

31

32

33

34

35

36 37

3839

- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding.
- (4) In the event of seizure pursuant to this section, proceedings for forfeiture ((shall be)) are deemed commenced by the seizure and governed by chapter 7.--- RCW (the new chapter created in section 18 of this act). ((The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. Service of notice of seizure of real property shall be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. The notice of seizure of personal property may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen-day period following the seizure. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter 62A.9A RCW, or a certificate of title shall be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title.

p. 27 HB 1385

(5) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the item seized shall be deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

1

2

3

4

5

6

7

8

10

11

1213

14

15

16

1718

1920

21

22

23

24

2526

27

28

29

30

31

32

33

3435

36

3738

39

(6) If a person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the seized property within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the law enforcement agency shall give the person or persons a reasonable opportunity to be heard as to the claim or right. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within fortyfive days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed shall be the district court when the aggregate value of the property is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom shall be under Title 34 RCW. In a court hearing between two or more claimants to the property involved, the prevailing party shall be entitled to a judgment for costs and reasonable attorneys' fees. The burden of producing evidence shall be upon the person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the property.

p. 28 HB 1385

(7) At the hearing, the seizing agency has the burden of proof to establish by a preponderance of the evidence that seized property is subject to forfeiture, and that the use or intended use of the seized property in connection with a crime pursuant to this section occurred with the owner's actual or constructive knowledge or consent. The person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the property has the burden of proof to establish by a preponderance of the evidence that the person owns or has a right to possess the seized property. The possession of bare legal title is not sufficient to establish ownership of seized property if the seizing agency proves by a preponderance of the evidence that the person claiming ownership or right to possession is a nominal owner and did not actually own or exert a controlling interest in the property.

The seizing law enforcement agency shall promptly return the property to the claimant upon a determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession of the property.

- (8) When property is forfeited under this chapter, after satisfying any court-ordered victim restitution, the seizing law enforcement agency may:
- (a) Retain it for official use or, upon application by any law enforcement agency of this state, release such property to such agency; or
- (b) Sell that which is not required to be destroyed by law and which is not harmful to the public.
- (9) (a) Within one hundred twenty days after the entry of an order of forfeiture, each seizing agency shall remit to, if known, the victim of the crime involving the seized property, an amount equal to fifty percent of the net proceeds of any property forfeited.
- (b) Retained property and net proceeds not required to be paid to victims shall be retained by the seizing law enforcement agency exclusively for the expansion and improvement of law enforcement activity. Money retained under this section may not be used to supplant preexisting funding sources.
- (c) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or

p. 29 HB 1385

commissions paid to independent selling agents, and the cost of any valid landlord's claim for damages.

- (d) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the property at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing for valuation of motor vehicles. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.
- (10) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. Orders for the forfeiture of real property shall be entered by the superior court, subject to court rules. Such an order shall be filed by the seizing agency in the county auditor's records in the county in which the real property is located.))
- (5) (a) When property is seized under this chapter and forfeited pursuant to chapter 7.--- RCW (the new chapter created in section 18 of this act), the seizing agency must first satisfy any court-ordered victim restitution before retaining, using, selling, or taking other action with respect to the property as permitted under section 5 of this act.
- (b) Within 120 days after the entry of an order of forfeiture, each seizing agency shall remit to, if known, the victim of the crime involving the seized property, an amount equal to 50 percent of the net proceeds of any property forfeited.
- **Sec. 13.** RCW 46.61.5058 and 2022 c 162 s 2 are each amended to 31 read as follows:
 - (1) Upon the arrest of a person or upon the filing of a complaint, citation, or information in a court of competent jurisdiction, based upon probable cause to believe that a person has violated RCW 46.20.740, 46.61.502, or 46.61.504 or any similar municipal ordinance, if such person has a prior offense within seven years as defined in RCW 46.61.5055, and where the person has been provided written notice that any transfer, sale, or encumbrance of such person's interest in the vehicle over which that person was

p. 30 HB 1385

- actually driving or had physical control when the violation occurred, is unlawful pending either acquittal, dismissal, sixty days after conviction, or other termination of the charge, such person shall be prohibited from encumbering, selling, or transferring his or her interest in such vehicle, except as otherwise provided in (a), (b), and (c) of this subsection, until either acquittal, dismissal, sixty days after conviction, or other termination of the charge. The prohibition against transfer of title shall not be stayed pending the determination of an appeal from the conviction.
 - (a) A vehicle encumbered by a bona fide security interest may be transferred to the secured party or to a person designated by the secured party;

- (b) A leased or rented vehicle may be transferred to the lessor, rental agency, or to a person designated by the lessor or rental agency; and
- (c) A vehicle may be transferred to a third party or a vehicle dealer who is a bona fide purchaser or may be subject to a bona fide security interest in the vehicle unless it is established that (i) in the case of a purchase by a third party or vehicle dealer, such party or dealer had actual notice that the vehicle was subject to the prohibition prior to the purchase, or (ii) in the case of a security interest, the holder of the security interest had actual notice that the vehicle was subject to the prohibition prior to the encumbrance of title.
- (2) On conviction for a violation of either RCW 46.20.740, 46.61.502, or 46.61.504 or any similar municipal ordinance where the person convicted has a prior offense within seven years as defined in RCW 46.61.5055, the motor vehicle the person was driving or over which the person had actual physical control at the time of the offense, if the person has a financial interest in the vehicle, the court shall consider at sentencing whether the vehicle shall be seized and forfeited pursuant to this section if a seizure or forfeiture has not yet occurred.
- (3) A vehicle subject to forfeiture under this chapter may be seized by a law enforcement officer of this state upon process issued by a court of competent jurisdiction. Seizure of a vehicle may be made without process if the vehicle subject to seizure has been the subject of a prior judgment in favor of the state in a forfeiture proceeding based upon this section.

p. 31 HB 1385

(4) Seizure under subsection (3) of this section automatically commences proceedings for forfeiture, which proceedings are governed by chapter 7.--- RCW (the new chapter created in section 18 of this act). ((The law enforcement agency under whose authority the seizure was made shall cause notice of the seizure and intended forfeiture of the seized vehicle to be served within fifteen days after the seizure on the owner of the vehicle seized, on the person in charge of the vehicle, and on any person having a known right or interest in the vehicle, including a community property interest. The notice of seizure may be served by any method authorized by law or court rule, including but not limited to service by certified mail with return receipt requested. Service by mail is complete upon mailing within the fifteen-day period after the seizure. Notice of seizure in the case of property subject to a security interest that has been perfected on a certificate of title shall be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title.

1

2

3

4

5

6

7

8

9

11

12

13

14

15

16

1718

19

20

21

22

23

2425

2627

28

2930

3132

33

3435

36

37

38

3940

- (5) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the seized vehicle within forty-five days of the seizure, the vehicle is deemed forfeited.
- (6) If a person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the seized vehicle within forty-five days of the seizure, the law enforcement agency shall give the person or persons a reasonable opportunity to be heard as to the claim or right. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020, the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within forty-five days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The

p. 32 HB 1385

court to which the matter is to be removed shall be the district court when the aggregate value of the vehicle is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom shall be under Title 34 RCW. In a court hearing between two or more claimants to the vehicle involved, the prevailing party shall be entitled to a judgment for costs and reasonable attorneys' fees. The burden of producing evidence shall be upon the person claiming to be the legal owner or the person claiming to have the lawful right to possession of the vehicle. The seizing law enforcement agency shall promptly return the vehicle to the claimant upon a determination by the administrative law judge or court that the claimant is the present legal owner under this title or is lawfully entitled to possession of the vehicle.

(7)) (5) When a vehicle is forfeited under this chapter the seizing law enforcement agency may sell the vehicle, retain it for official use, or upon application by a law enforcement agency of this state release the vehicle to that agency for the exclusive use of enforcing this title; provided, however, that the agency shall first satisfy any bona fide security interest to which the vehicle is subject under subsection (1)(a) or (c) of this section.

((+8))) (6) When a vehicle is forfeited, the seizing agency shall keep a record indicating the identity of the prior owner, if known, a description of the vehicle, the disposition of the vehicle, the value of the vehicle at the time of seizure, and the amount of proceeds realized from disposition of the vehicle.

((+9))) (7) Each seizing agency shall retain records of forfeited vehicles for at least seven years.

((10) Each seizing agency shall file a report including a copy of the records of forfeited vehicles with the state treasurer each calendar guarter.

(11) The quarterly report need not include a record of a forfeited vehicle that is still being held for use as evidence during the investigation or prosecution of a case or during the appeal from a conviction.

(12) By January 31st of each year, each seizing agency shall remit to the state an amount equal to ten percent of the net proceeds of vehicles forfeited during the preceding calendar year for deposit into the behavioral health loan repayment program account created in RCW 28B.115.135 through June 30, 2027, and into the state general fund thereafter.

p. 33 HB 1385

(13) The net proceeds of a forfeited vehicle is the value of the forfeitable interest in the vehicle after deducting the cost of satisfying a bona fide security interest to which the vehicle is subject at the time of seizure; and in the case of a sold vehicle, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents.

- (14) The value of a sold forfeited vehicle is the sale price. The value of a retained forfeited vehicle is the fair market value of the vehicle at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing. A seizing agency may, but need not, use an independent qualified appraiser to determine the value of retained vehicles. If an appraiser is used, the value of the vehicle appraised is net of the cost of the appraisal.))
- **Sec. 14.** RCW 70.74.400 and 2002 c 370 s 3 are each amended to 16 read as follows:
 - (1) Explosives, improvised devices, and components of explosives and improvised devices that are possessed, manufactured, delivered, imported, exported, stored, sold, purchased, transported, abandoned, detonated, or used, or intended to be used, in violation of a provision of this chapter are subject to seizure and forfeiture by a law enforcement agency and no property right exists in them.
 - (2) The law enforcement agency making the seizure shall notify the Washington state department of labor and industries of the seizure.
 - (3) Seizure of explosives, improvised devices, and components of explosives and improvised devices under subsection (1) of this section may be made if:
- 29 (a) The seizure is incident to arrest or a search under a search 30 warrant;
 - (b) The explosives, improvised devices, or components have been the subject of a prior judgment in favor of the state in an injunction or forfeiture proceeding based upon this chapter;
 - (c) A law enforcement officer has probable cause to believe that the explosives, improvised devices, or components are directly or indirectly dangerous to health or safety; or
- 37 (d) The law enforcement officer has probable cause to believe 38 that the explosives, improvised devices, or components were used or 39 were intended to be used in violation of this chapter.

p. 34 HB 1385

(4) A law enforcement agency shall destroy explosives seized under this chapter when it is necessary to protect the public safety and welfare. When destruction is not necessary to protect the public safety and welfare, and the explosives are not being held for evidence, a seizure pursuant to this section commences proceedings for forfeiture, which proceedings are governed by chapter 7.--- RCW (the new chapter created in section 18 of this act).

- (5) ((The law enforcement agency under whose authority the seizure was made shall issue a written notice of the seizure and commencement of the forfeiture proceedings to the person from whom the explosives were seized, to any known owner of the explosives, and to any person who has a known interest in the explosives. The notice shall be issued within fifteen days of the seizure. The notice of seizure and commencement of the forfeiture proceedings shall be served in the same manner as provided in RCW 4.28.080 for service of a summons. The law enforcement agency shall provide a form by which the person or persons may request a hearing before the law enforcement agency to contest the seizure.
- (6) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the explosives, improvised devices, or components within thirty days of the date the notice was issued, the seized explosives, devices, or components shall be deemed forfeited.
- (7) If, within thirty days of the issuance of the notice, any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items seized, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The hearing shall be before the chief law enforcement or the officer's designee of the seizing agency, except that the person asserting the claim or right may remove the matter to a court of competent jurisdiction if the aggregate value of the items seized is more than five hundred dollars. The hearing and any appeal shall be conducted according to chapter 34.05 RCW. The seizing law enforcement agency shall bear the burden of proving that the person (a) has no lawful right of ownership or possession and (b) that the items seized were possessed, manufactured, stored, sold, purchased, transported, abandoned, detonated, or used in violation of a provision of this chapter with the person's knowledge or consent.

p. 35 HB 1385

(8) The seizing law enforcement agency shall promptly return the items seized to the claimant upon a determination that the claimant is entitled to possession of the items seized.

1

2

3

4

5

7

8

9

10

1112

13

1415

18

1920

2122

2324

25

2627

28

2930

31

32

33

34

35

36

3738

39

- (9)) If the items seized are forfeited under this statute, the seizing agency shall dispose of the explosives by summary destruction. However, when explosives are destroyed either to protect public safety or because the explosives were forfeited, the person from whom the explosives were seized loses all rights of action against the law enforcement agency or its employees acting within the scope of their employment, or other governmental entity or employee involved with the seizure and destruction of explosives.
- (((10))) (6) This section is not intended to change the seizure and forfeiture powers, enforcement, and penalties available to the department of labor and industries pursuant to chapter 49.17 RCW as provided in RCW 70.74.390.
- 16 **Sec. 15.** RCW 77.15.070 and 2005 c 406 s 2 are each amended to read as follows:
 - (1) Fish and wildlife officers and ex officio fish and wildlife officers may seize without warrant boats, airplanes, vehicles, motorized implements, conveyances, gear, appliances, or articles they have probable cause to believe have been held with intent to violate or used in violation of this title or rule of the commission or director. However, fish and wildlife officers or ex officio fish and wildlife officers may not seize any item or article, other than for evidence, if under the circumstances, it is reasonable to conclude that the violation was inadvertent. The property seized is subject to forfeiture to the state under this section regardless of ownership. Property seized may be recovered by its owner by depositing with the department or into court a cash bond or equivalent security equal to the value of the seized property but not more than one hundred thousand dollars. Such cash bond or security is subject to forfeiture in lieu of the property. Forfeiture of property seized under this section is a civil forfeiture against property and is intended to be a remedial civil sanction.
 - (2) In the event of a seizure of property under this section, jurisdiction to begin the forfeiture proceedings shall commence upon seizure, and shall be governed by chapter 7.--- RCW (the new chapter created in section 18 of this act). ((Within fifteen days following the seizure, the seizing authority shall serve a written notice of

p. 36 HB 1385

intent to forfeit property on the owner of the property seized and on any person having any known right or interest in the property seized. Notice may be served by any method authorized by law or court rule, including service by certified mail with return receipt requested. Service by mail is deemed complete upon mailing within the fifteenday period following the seizure.

- (3) Persons claiming a right of ownership or right to possession of property are entitled to a hearing to contest forfeiture. Such a claim shall specify the claim of ownership or possession and shall be made in writing and served on the director within forty-five days of the seizure. If the seizing authority has complied with notice requirements and there is no claim made within forty-five days, then the property shall be forfeited to the state.
- (4) If any person timely serves the director with a claim to property, the person shall be afforded an opportunity to be heard as to the person's claim or right. The hearing shall be before the director or director's designee, or before an administrative law judge appointed under chapter 34.12 RCW, except that a person asserting a claim or right may remove the matter to a court of competent jurisdiction if the aggregate value of the property seized is more than five thousand dollars. The department may settle a person's claim of ownership prior to the administrative hearing.
- (5) The hearing to contest forfeiture and any subsequent appeal shall be as provided for in chapter 34.05 RCW, the administrative procedure act. The seizing authority has the burden to demonstrate that it had reason to believe the property was held with intent to violate or was used in violation of this title or rule of the commission or director. The person contesting forfeiture has the burden of production and proof by a preponderance of evidence that the person owns or has a right to possess the property and:
- (a) That the property was not held with intent to violate or used in violation of this title; or
- (b) If the property is a boat, airplane, or vehicle, that the illegal use or planned illegal use of the boat, airplane, or vehicle occurred without the owner's knowledge or consent, and that the owner acted reasonably to prevent illegal uses of such boat, airplane, or vehicle.
- (6) A forfeiture of a conveyance encumbered by a perfected security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to the act

p. 37 HB 1385

or omission. No security interest in seized property may be perfected after seizure.

1 2

- (7)) (3) If seized property is forfeited under this section the department may retain it for official use unless the property is required to be destroyed, or upon application by any law enforcement agency of the state, release such property to the agency for the use of enforcing this title, or sell such property, and deposit the proceeds to the fish and wildlife enforcement reward account created in RCW 77.15.425.
- **Sec. 16.** RCW 69.50.505 and 2022 c 162 s 1 and 2022 c 16 s 98 are 11 each reenacted and amended to read as follows:
 - (1) The following are subject to seizure and forfeiture and no property right exists in them:
 - (a) All controlled substances which have been manufactured, distributed, dispensed, acquired, or possessed in violation of this chapter or chapter 69.41 or 69.52 RCW, and all hazardous chemicals, as defined in RCW 64.44.010, used or intended to be used in the manufacture of controlled substances;
 - (b) All raw materials, products, and equipment of any kind which are used, or intended for use, in manufacturing, compounding, processing, delivering, importing, or exporting any controlled substance in violation of this chapter or chapter 69.41 or 69.52 RCW;
 - (c) All property which is used, or intended for use, as a container for property described in (a) or (b) of this subsection;
 - (d) All conveyances, including aircraft, vehicles, or vessels, which are used, or intended for use, in any manner to facilitate the sale, delivery, or receipt of property described in (a) or (b) of this subsection, except that:
 - (i) No conveyance used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of this chapter or chapter 69.41 or 69.52 RCW;
- (ii) No conveyance is subject to forfeiture under this section by reason of any act or omission ((established by the owner thereof to have been)) committed or omitted without the owner's knowledge or consent;

p. 38 HB 1385

(iii) No conveyance is subject to forfeiture under this section if used in the receipt of only an amount of cannabis for which possession constitutes a misdemeanor under RCW 69.50.4014;

1

2

4

5

7

8

9

10 11

12

1314

1516

17

1819

2021

22

23

2425

26

2728

29

30 31

32

33

34

3536

37

3839

40

- (iv) A forfeiture of a conveyance encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to the act or omission; and
- (v) When the owner of a conveyance has been arrested under this chapter or chapter 69.41 or 69.52 RCW the conveyance in which the person is arrested may not be subject to forfeiture unless it is seized or process is issued for its seizure within ten days of the owner's arrest;
- (e) All books, records, and research products and materials, including formulas, microfilm, tapes, and data which are used, or intended for use, in violation of this chapter or chapter 69.41 or 69.52 RCW;
- (f) All drug paraphernalia other than paraphernalia possessed, sold, or used solely to facilitate cannabis-related activities that are not violations of this chapter;
- (g) All moneys, negotiable instruments, securities, or other tangible or intangible property of value furnished or intended to be furnished by any person in exchange for a controlled substance in violation of this chapter or chapter 69.41 or 69.52 RCW, all tangible or intangible personal property, proceeds, or assets acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of this chapter or chapter 69.41 or 69.52 RCW, and all moneys, negotiable instruments, and securities used or intended to be used to facilitate any violation of this chapter or chapter 69.41 or 69.52 RCW. A forfeiture of money, negotiable instruments, securities, or other tangible or intangible property encumbered by a bona fide security interest is subject to the interest of the secured party if, at the time the security interest was created, the secured party neither had knowledge of nor consented to the act or omission. No personal property may be forfeited under this subsection (1)(g), to the extent of the interest of an owner, by reason of any act or omission ((which that owner establishes was)) committed or omitted without the owner's knowledge or consent; and
- (h) All real property, including any right, title, and interest in the whole of any lot or tract of land, and any appurtenances or improvements which are being used with the knowledge of the owner for

p. 39 HB 1385

the manufacturing, compounding, processing, delivery, importing, or exporting of any controlled substance, or which have been acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of this chapter or chapter 69.41 or 69.52 RCW, if such activity is not less than a class C felony and a substantial nexus exists between the commercial production or sale of the controlled substance and the real property. However:

- (i) No property may be forfeited pursuant to this subsection (1)(h), to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent;
- (ii) The bona fide gift of a controlled substance, legend drug, or imitation controlled substance shall not result in the forfeiture of real property;
- (iii) The possession of cannabis shall not result in the forfeiture of real property unless the cannabis is possessed for commercial purposes that are unlawful under Washington state law, the amount possessed is five or more plants or one pound or more of cannabis, and a substantial nexus exists between the possession of cannabis and the real property. In such a case, the intent of the offender shall be determined by the preponderance of the evidence, including the offender's prior criminal history, the amount of cannabis possessed by the offender, the sophistication of the activity or equipment used by the offender, whether the offender was licensed to produce, process, or sell cannabis, or was an employee of a licensed producer, processor, or retailer, and other evidence which demonstrates the offender's intent to engage in unlawful commercial activity;
- (iv) The unlawful sale of cannabis or a legend drug shall not result in the forfeiture of real property unless the sale was forty grams or more in the case of cannabis or one hundred dollars or more in the case of a legend drug, and a substantial nexus exists between the unlawful sale and the real property; and
- (v) A forfeiture of real property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party, at the time the security interest was created, neither had knowledge of nor consented to the act or omission.
- (2) Real or personal property subject to forfeiture under this chapter may be seized by any commission inspector or law enforcement officer of this state upon process issued by any superior court

p. 40 HB 1385

- having jurisdiction over the property. Seizure of real property shall 1 include the filing of a lis pendens by the seizing agency. Real 2 3 property seized under this section shall not be transferred or otherwise conveyed until ninety days after seizure or until a 4 judgment of forfeiture is entered, whichever is later: PROVIDED, That 5 6 real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or 7 deed in lieu of foreclosure of a security interest. Seizure of 8 personal property without process may be made if: 9
 - (a) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant;

12

1314

1516

17

18

19

20

2122

23

2425

26

2728

29

30 31

32

33

34

3536

37

3839

40

- (b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter;
- (c) A commission inspector or law enforcement officer has probable cause to believe that the property is directly or indirectly dangerous to health or safety; or
- (d) The commission inspector or law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of this chapter.
- (3) In the event of seizure pursuant to subsection (2) of this section, proceedings for forfeiture shall be deemed commenced by the seizure. The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. Service of notice of seizure of real property shall be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter 62A.9A RCW, or a certificate of title, shall be made by service upon the secured party or the secured party's assignee at the

p. 41 HB 1385

address shown on the financing statement or the certificate of title. The notice of seizure in other cases may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen day period following the seizure.

1

2

3

4

5

7

8

9

10 11

12

13

14

1516

17

18

19

2021

22

23

2425

26

2728

29

30 31

32

33

34

3536

3738

39

40

- (4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1)(d), (g), or (h) of this section within ((forty-five)) 60 days of the service of notice from the seizing agency in the case of personal property and ((ninety)) 120 days in the case of real property, the item seized shall be deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.
- (5) If any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1)(b), (c), (d), (e), (f), (g), or (h) of this section within ((forty-five)) 60 days of the service of notice from the seizing agency in the case of personal property and ((ninety)) <u>120</u> days in the case of real property, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The notice of claim may be served by any method authorized by law or court rule including, but not limited to, service by first-class mail. Service by mail shall be deemed complete upon mailing within the ((forty-five)) 60-day period following service of the notice of seizure in the case of personal property and within the ((ninety-day)) 120-day period following service of the notice of seizure in the case of real property. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal of any matter involving personal property may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision,

p. 42 HB 1385

1 or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within 2 forty-five days after the person seeking removal has notified the 3 seizing law enforcement agency of the person's claim of ownership or 4 right to possession. The court to which the matter is to be removed 5 6 shall be the district court when the aggregate value of personal property is within the jurisdictional limit set forth in RCW 7 3.66.020. A hearing before the seizing agency and any appeal 8 therefrom shall be under Title 34 RCW. In all cases, the burden of 9 proof is upon the law enforcement agency to establish, by a 10 preponderance of the evidence, that the property is subject to 11 12 forfeiture.

The seizing law enforcement agency shall promptly return the article or articles to the claimant, in the same or substantially similar condition as when seized, upon a determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession thereof of items specified in subsection (1)(b), (c), (d), (e), (f), (g), or (h) of this section.

13

14

1516

17

18

19

20

21

2223

2425

26

2728

29

30 31

32

33

34

35

- (6) In any proceeding to forfeit property under this title, where the claimant substantially prevails, the claimant is entitled to reasonable attorneys' fees reasonably incurred by the claimant. In addition, in a court hearing between two or more claimants to the article or articles involved, the prevailing party is entitled to a judgment for costs and reasonable attorneys' fees.
- (7) When property is forfeited under this chapter the commission or seizing law enforcement agency may:
- (a) Retain it for official use or upon application by any law enforcement agency of this state release such property to such agency for the exclusive use of enforcing the provisions of this chapter;
- (b) Sell that which is not required to be destroyed by law and which is not harmful to the public;
 - (c) Request the appropriate sheriff or director of public safety to take custody of the property and remove it for disposition in accordance with law; or
- 36 (d) Forward it to the drug enforcement administration for 37 disposition.
- 38 (8)(((a) When property is forfeited, the seizing agency shall 39 keep a record indicating the identity of the prior owner, if known, a 40 description of the property, the disposition of the property, the

p. 43 HB 1385

value of the property at the time of seizure, and the amount of proceeds realized from disposition of the property.

- (b) Each seizing agency shall retain records of forfeited property for at least seven years.
- (c) Each seizing agency shall file a report including a copy of the records of forfeited property with the state treasurer each calendar guarter.
- (d) The quarterly report need not include a record of forfeited property that is still being held for use as evidence during the investigation or prosecution of a case or during the appeal from a conviction.)) Seizing agencies are subject to the requirements of section 5 of this act.
- (9) (a) By January 31st of each year, each seizing agency shall remit to the state an amount equal to ten percent of the net proceeds of any property forfeited during the preceding calendar year for deposit into the behavioral health loan repayment program account created in RCW 28B.115.135 through June 30, 2027, and into the state general fund thereafter.
- (b) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents, and the cost of any valid landlord's claim for damages under subsection (15) of this section.
- (c) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the property at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing for valuation of motor vehicles. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.
- (10) Forfeited property and net proceeds not required to be remitted to the state shall be retained by the seizing law enforcement agency exclusively for the expansion and improvement of controlled substances related law enforcement activity. Money

p. 44 HB 1385

1 retained under this section may not be used to supplant preexisting 2 funding sources.

- (11) Controlled substances listed in Schedule I, II, III, IV, and V that are possessed, transferred, sold, or offered for sale in violation of this chapter are contraband and shall be seized and summarily forfeited to the state. Controlled substances listed in Schedule I, II, III, IV, and V, which are seized or come into the possession of the commission, the owners of which are unknown, are contraband and shall be summarily forfeited to the commission.
- (12) Species of plants from which controlled substances in Schedules I and II may be derived which have been planted or cultivated in violation of this chapter, or of which the owners or cultivators are unknown, or which are wild growths, may be seized and summarily forfeited to the commission.
- (13) The failure, upon demand by a commission inspector or law enforcement officer, of the person in occupancy or in control of land or premises upon which the species of plants are growing or being stored to produce an appropriate registration or proof that he or she is the holder thereof constitutes authority for the seizure and forfeiture of the plants.
- (14) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. Orders for the forfeiture of real property shall be entered by the superior court, subject to court rules. Such an order shall be filed by the seizing agency in the county auditor's records in the county in which the real property is located.
- (15)(a) A landlord may assert a claim against proceeds from the sale of assets seized and forfeited under subsection (7)(b) of this section, only if:
- 31 (i) A law enforcement officer, while acting in his or her 32 official capacity, directly caused damage to the complaining 33 landlord's property while executing a search of a tenant's residence; 34 and
 - (ii) The landlord has applied any funds remaining in the tenant's deposit, to which the landlord has a right under chapter 59.18 RCW, to cover the damage directly caused by a law enforcement officer prior to asserting a claim under the provisions of this section;
- 39 (A) Only if the funds applied under (a)(ii) of this subsection 40 are insufficient to satisfy the damage directly caused by a law

p. 45 HB 1385

enforcement officer, may the landlord seek compensation for the damage by filing a claim against the governmental entity under whose authority the law enforcement agency operates within thirty days after the search;

- (B) Only if the governmental entity denies or fails to respond to the landlord's claim within sixty days of the date of filing, may the landlord collect damages under this subsection by filing within thirty days of denial or the expiration of the sixty-day period, whichever occurs first, a claim with the seizing law enforcement agency. The seizing law enforcement agency must notify the landlord of the status of the claim by the end of the thirty-day period. Nothing in this section requires the claim to be paid by the end of the sixty-day or thirty-day period.
- (b) For any claim filed under (a) (ii) of this subsection, the law enforcement agency shall pay the claim unless the agency provides substantial proof that the landlord either:
- (i) Knew or consented to actions of the tenant in violation of this chapter or chapter 69.41 or 69.52 RCW; or
- (ii) Failed to respond to a notification of the illegal activity, provided by a law enforcement agency under RCW 59.18.075, within seven days of receipt of notification of the illegal activity.
- (16) The landlord's claim for damages under subsection (15) of this section may not include a claim for loss of business and is limited to:
 - (a) Damage to tangible property and clean-up costs;
- (b) The lesser of the cost of repair or fair market value of the damage directly caused by a law enforcement officer;
- (c) The proceeds from the sale of the specific tenant's property seized and forfeited under subsection (7)(b) of this section; and
- (d) The proceeds available after the seizing law enforcement agency satisfies any bona fide security interest in the tenant's property and costs related to sale of the tenant's property as provided by subsection (9)(b) of this section.
- (17) Subsections (15) and (16) of this section do not limit any other rights a landlord may have against a tenant to collect for damages. However, if a law enforcement agency satisfies a landlord's claim under subsection (15) of this section, the rights the landlord has against the tenant for damages directly caused by a law enforcement officer under the terms of the landlord and tenant's contract are subrogated to the law enforcement agency.

p. 46 HB 1385

- 1 (18) The protections afforded by the service members' civil 2 relief act, chapter 38.42 RCW, are applicable to proceedings under 3 this section.
- 4 **Sec. 17.** RCW 38.42.020 and 2014 c 65 s 2 are each amended to read as follows:

8

9

10

- (1) Any service member who is ordered to report for military service and his or her dependents are entitled to the rights and protections of this chapter during the period beginning on the date on which the service member receives the order and ending one hundred eighty days after termination of or release from military service.
- 11 (2) This chapter applies to any judicial or administrative 12 proceeding commenced in any court or agency in Washington state in 13 which a service member or his or her dependent is a party. This 14 chapter applies to civil asset forfeiture proceedings. This chapter 15 does not apply to criminal proceedings.
- 16 (3) This chapter shall be construed liberally so as to provide 17 fairness and do substantial justice to service members and their 18 dependents.
- NEW SECTION. Sec. 18. Sections 1 through 7 of this act constitute a new chapter in Title 7 RCW.
- NEW SECTION. Sec. 19. This act applies to seizures occurring on or after the effective date of this section.
- NEW SECTION. Sec. 20. Except for section 7 of this act, this act takes effect January 1, 2024.

--- END ---

p. 47 HB 1385