

Judicial Impact Fiscal Note

Bill Number: 1923 S HB	Title: Income share agreements	Agency: 055-Admin Office of the Courts
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

Contact	Phone:	Date: 02/20/2015
Agency Preparation: Kitty Hjelm	Phone: 360-704-5528	Date: 02/24/2015
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date: 02/24/2015
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/24/2015

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This bill would create a regulatory structure for income share agreements, an alternative to student loans, through which individuals agree to pay a percentage of their future income in exchange for funds provided to pay for higher education.

Sections with potential judicial impact:

Section 13(8) would require that when Department of Financial Institutions issues a temporary cease and desist order to a consumer loan company that offers income share agreements, it shall include a provision that a hearing will be held upon request to determine whether the order will become permanent. The hearing must be held within fourteen days of receipt of a request for a hearing unless otherwise specified in chapter 34.05 RCW.

It is assumed that this hearing would be conducted by the office of administrative hearings therefore this section would not have judicial impact.

Section 15 would allow the director of Financial Institutions or authorized assistants to apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. When an application under this section is made to the satisfaction of the court, the court must issue an order approving the subpoena. An application for court approval is subject to the fee and process set forth in RCW 36.18.012(3).

Section 17(2) would subject every income share agreement licensee that fails to file a report that is required to be filed by the chapter within the time required under the chapter to a penalty of fifty dollars per day for each day's delay. The attorney general may bring a civil action in the name of the state for recovery of any such penalty.

Section 18(4) would allow the Department of Financial Institutions to bring an action in superior court to enjoin the acts or practices that constitute violations of the chapter and to enforce compliance with the chapter or any rule or order made under the chapter. Upon proper showing, injunctive relief or a temporary restraining order would be granted. The director would not be required to post a bond in any court proceedings.

Section 19 would make a violation of any provision of this chapter, for which no penalty has been prescribed, guilty of a gross misdemeanor.

II. B - Cash Receipts Impact

Section 15 would allow the director of Financial Institutions or authorized assistants to apply for and obtain a superior court order approving and authorizing a subpoena. An application for court approval is subject to the fee and process set forth in RCW 36.18.012(3). The fee set forth in RCW 36.18.012(3) is \$20.00.

Section 19 would make violations of any provisions of the chapter a gross misdemeanor. The maximum fine for a gross misdemeanor is \$5000.

Department of Financial Institutions estimates that approximately 10 companies and 30 additional branch locations would be subject to licensing under the proposed legislation, however, there is no data available to estimate how many of these companies would commit violations of the chapter.

It is assumed that there would be some violations that would result in filings or guilty convictions which would generate additional revenue and that the revenue generated would be less than \$50,000 per year.

II. C - Expenditures

Section 17(2) would allow the attorney general to bring a civil action in the name of the state for recovery of penalties from a licensee for failing to file required reports.

Section 18(4) would allow the Department of Financial Institutions to bring an action in superior court to enjoin the acts or practices that constitute violations of the chapter and to enforce compliance with the chapter or any rule or order made under the chapter.

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Section 19 would make a violation of any provision of this chapter, for which no penalty has been prescribed, guilty of a gross misdemeanor.

There is no data available to estimate how many civil actions, superior court actions or violations of the provisions in this bill would result in new hearings or trials. It is assumed that there would be some actions and or violations that would result in hearings or trials but the costs of any hearings or trials would be less than \$50,000 per year.

Part III: Expenditure Detail

Part IV: Capital Budget Impact



Ten-Year Analysis

Bill Number 1923 S HB	Title Income share agreements	Agency 055 Admin Office of the Courts
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Kitty Hjelm	Phone: 360-704-5528	Date: 2/24/2015 11:44:06 an
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date: 2/24/2015 11:44:06 an
OFM Review:	Phone:	Date: