

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 2674 HB	<b>Title:</b> Dispute resolution fees	<b>Agency:</b> 055-Admin Office of the Courts
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
Counties		3,092,065	3,092,065	6,184,130	6,184,130
Cities					
<b>Total \$</b>		3,092,065	3,092,065	6,184,130	6,184,130

### Estimated Expenditures from:

COUNTY	FY 2016	FY 2017	2015-17	2017-19	2019-21
County FTE Staff Years					
<b>Account</b>					
Local - Counties					
Counties Subtotal \$					
CITY	FY 2016	FY 2017	2015-17	2017-19	2019-21
City FTE Staff Years					
<b>Account</b>					
Local - Cities					
Cities Subtotal \$					
Local Subtotal \$					
Total Estimated Expenditures \$					

*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.

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Request # 2674 HB-1

## Part II: Narrative Explanation

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

Please see attached Judicial Impact Note (JIN)

### II. B - Cash Receipts Impact

### II. C - Expenditures

## Part III: Expenditure Detail

### III. A - Expenditure By Object or Purpose (State)

<i>State</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
<b>Total \$</b>					

### III. B - Expenditure By Object or Purpose (County)

<i>County</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
<b>Total \$</b>					

### III. C - Expenditure By Object or Purpose (City)

<i>City</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
<b>Total \$</b>					

## Part IV: Capital Budget Impact

## Part II: Narrative Explanation

This bill would allow local county legislative governments to impose an increased surcharge on civil filing fees and small claims actions filing fees in district courts, and filing fees in superior courts. The proposed surcharges would be used to fund dispute resolution centers.

### Part II.A – Brief Description of what the Measure does that has fiscal impact on the Courts

This bill would amend RCW 7.75.035, as follows:

Section 1(1) – A county legislative authority may impose a surcharge of up to twenty dollars on each civil filing fee in district court, a surcharge of up to twenty dollars on each filing fee for small claims actions, and a surcharge of up to twenty dollars on each filing fee in superior court. No surcharge may be imposed on actions or proceedings exempt from a filing fee.

Section 1(3) – The flat fee levels established in this section may be adjusted annually up to the state’s fiscal growth factor, defined in RCW 43.135.025.

### II.B - Cash Receipt Impact

#### I. Revenue Analysis

The following assumptions were used to determine the revenue impact of this bill:

- For purposes of this analysis, existing dispute resolution surcharge data was reviewed for a five-year period for the number of civil filings and small claims filings in district courts, and for civil (non-criminal) filings in superior courts.
- Language in statute and in the proposed bill is permissive (i.e., “a county legislative authority *may* impose a surcharge *up to* twenty dollars”). Existing data from district and superior courts indicates that the full-proposed surcharge will likewise not be applied.
- This bill has no explicit effective date for implementation of the increased surcharges. For purposes of this analysis, an implementation date of July 1, 2016 is assumed.

Table I below lists the current and proposed dispute resolution center surcharges based on the court level and filing fee type.

**Table I – Current and Proposed Surcharges**

<b>Court/Transaction</b>	<b>Current Surcharge</b>	<b>Proposed Surcharge</b>
District Court (civil filing fee)	\$10	\$20
District Court (small claims filing fee)	\$15	\$20
Superior Court (civil filing fee)	\$0	\$20

Table II below summarizes the estimated annual additional surcharge revenue (detail provided in Revenue Analysis sections below), based on the proposed increased dispute resolution center surcharges.

**Table II – Estimated Revenue Summary**

Filing Type	District Courts		Superior Courts	Total
	Civil	Small Claims	Civil	
Estimated Additional Surcharges per Year	\$898,822	\$59,285	\$2,133,958	\$3,092,065

No surcharge would be allowed to be imposed upon actions or proceedings exempt from a filing fee. Fee levels would be allowed to be adjusted annually up to the state’s fiscal growth factor, defined in RCW 43.135.025.

**a) District Courts – Civil and Small Claims Filings**

Over the period 2010 – 2014, there were an average of 120,809 annual civil filings in district courts, with an annual average of \$899,055 receipted dispute resolution surcharges collected. Because the language of statute is permissive, some courts may waive or reduce the existing \$10 filing surcharge, thus the average dispute resolution surcharge during this period was \$7.44, or 74.4 percent of the existing \$10 surcharge. Based on this data, if district courts apply the proposed \$20 dispute resolution surcharge at the same average rate of 74.4 percent ( $\$20 \times 74.4\% = \$14.88$ ) for each civil filing, an additional \$898,822 per year in dispute resolution surcharges can be estimated.

Over the period 2010-2014, there were an average of 15,622 annual small claims filings in district courts, with an average of \$177,883 dispute resolution surcharges collected. Because the language of statute is permissive, some courts may waive or reduce the existing filing surcharge, thus the average dispute resolution surcharge during this period was \$11.39, or 75.9 percent of the existing \$15 surcharge. Based on this data, if district courts apply the proposed \$20 dispute resolution surcharge at the same average rate of 75.9 percent ( $\$20 \times 75.9\% = \$15.18$ ) for each small claims filing, an additional \$59,285 per year in dispute resolution surcharges can be estimated.

Table III below summarizes the 5-year average filings and receipts, and estimated approximate increase based on the proposed \$20 surcharge.

**Table III – District Court Civil and Small Claims Filings**

	District Courts		
	Civil	Small Claims	Total
5-Year average Filings	120,809	15,622	136,431
5-year average Receipted/Paid Amount (surcharge)	\$899,055	\$177,883	\$1,076,938
Average DRC surcharge (receipted / filings)	\$7.44	\$11.39	
Average DRC surcharge based on proposed \$20	\$14.88	\$15.18	
<b>Estimated Increase</b>	<b>\$898,822</b>	<b>\$59,285</b>	<b>\$958,107</b>
Estimated Total (base plus additional surcharge)	\$1,797,876	\$237,168	\$2,035,044

**b) Superior Courts – Civil Filings**

Current statute does not provide for a dispute resolution center surcharge for civil filings in superior courts. For purposes of this analysis, data from civil filings in superior courts is used to provide an estimate of potential revenue from the proposed \$20 filing fee.

Data was reviewed to provide an average number of civil filings in superior courts over a five-year period. Over the period 2010-2014, there were an annual average of 130,119 civil filings in superior courts. The United State Census bureau reports an 18 percent poverty level in Washington State. For purposes of this analysis, the AOC assumes that 18 percent of civil filing fees would be waived. Estimated annual revenue calculation is displayed in Table IV, below.

**Table IV – Civil Filings – Superior Court / Dispute Resolution Surcharges**

Superior Court Civil Filings (5 year average)	130,119
Civil Filings Waived (18% estimate)	23,421
Difference	106,698
<b>Estimated Revenue</b>	<b>\$2,133,958</b>

## **II.C – Expenditures**

No expenditure impact.