

JUDICIAL IMPACT FISCAL NOTE

Bill Number: 1070 SHB	Title: Dispute Resolution Fees	Agency: 055 – Admin Office of the Courts (AOC)
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
County Dispute Resolution Center Account	3,092,065	3,092,065	6,184,130	6,184,130	6,184,130
Total:	3,092,065	3,092,065	6,184,130	6,184,130	6,184,130

Estimated Expenditures from:

STATE	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE – Staff Years					
Account					
General Fund – State (001-1)					
State Subtotal					
COUNTY					
County FTE Staff Years					
Account					
Local - Counties					
Counties Subtotal					
CITY					
City FTE Staff Years					
Account					
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.

Legislative Contact:	Phone:	Date:
Agency Preparation: Sam Knutson	Phone: 360-704-5528	Date: 2/1/2017
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date:
OFM Review:	Phone:	Date:

Part II: Narrative Explanation

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

NOTE: This bill differs from 1070 HB by providing for a person who files an action under the Manufactured/Mobile Home Landlord-Tenant Act who pays or is charged the annual assessment for the Manufactured/Mobile Home Communities Dispute Resolution Program to be exempt from a surcharge on Superior Court civil filing fees imposed under RCW 7.75.035.

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 civil filing fee in superior court. No surcharge may be imposed on actions or proceedings exempt from a filing fee. A person filing an action under RCW 59.20 who pays or is charged the annual assessment for the manufactured/mobile home communities dispute resolution program under RCW 59.30.050 is exempt from a surcharge on superior court civil filing fees imposed under this section (RCW 7.75.035).

II.B - Cash Receipt Impact

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 of *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, 2017 is assumed.
- The Administrative Office of the Courts (AOC) has no data to estimate the amount of surcharge revenue that would be lost due to the exemption of persons who pay or are charged the annual assessment for the manufactured/mobile home communities dispute resolution program. Persons filing the case would need to file an additional motion or petition to receive a waiver on the surcharge.

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

Court/Transaction	Current Surcharge	Proposed Surcharge
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.

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	
Estimated Increase	\$898,822	\$59,285	\$958,107
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.

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

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
Estimated Revenue	\$2,133,958

II.C – Expenditures

No expenditure impact.