

# JUDICIAL IMPACT FISCAL NOTE

<b>Bill Number:</b> 1783 HB	<b>Title:</b> Legal Financial Obligations	<b>Agency:</b> 055 – Admin Office of the Courts (AOC)
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2018	FY 2019	2017-2019	2019-2021	2021-2023
General Fund State (001-1)	(23,800)	(87,679)	(111,479)	(461,912)	(873,203)
Judicial Information Systems Account - State (543-1)	(12,519)	(76,398)	(88,917)	(439,350)	(850,641)
Counties	(398,355)	(526,111)	(924,465)	(1,625,333)	(2,447,918)
Cities	(124,187)	(124,187)	(248,374)	(248,374)	(248,374)
<b>Total</b>	<b>(558,861)</b>	<b>(814,375)</b>	<b>(1,373,236)</b>	<b>(2,774,969)</b>	<b>(4,420,136)</b>

### Estimated Expenditures from:

STATE	FY 2018	FY 2019	2017-2019	2019-2021	2021-2023
FTE – Staff Years			-		
<b>Account</b>					
General Fund – State (001-1)	1,109,417	210,496	<b>1,319,913</b>	82,106	
State Subtotal	1,109,417	210,496	<b>1,319,913</b>	82,106	-
<b>COUNTY</b>					
County FTE Staff Years	11.6	5.7	<b>8.7</b>	2.2	
<b>Account</b>					
Local - Counties	1,758,202	915,201	<b>2,673,403</b>	274,877	
Counties Subtotal	1,758,202	915,201	<b>2,673,403</b>	274,877	-
<b>CITY</b>					
City FTE Staff Years	10.6	5.0	<b>7.8</b>	2.0	
<b>Account</b>					
Local – Cities			-		
Cities Subtotal			-	-	-
Local Subtotal	1,758,202	915,201	<b>2,673,403</b>	274,877	-
<b>Total Estimated Expenditures:</b>	<b>2,867,619</b>	<b>1,125,697</b>	<b>3,993,316</b>	<b>356,983</b>	-

*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:
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## Part II: Narrative Explanation

This bill would change the way legal financial obligations (LFOs) are imposed and handled by the courts.

When a defendant is convicted of a crime, courts may impose LFOs as part of the judgment and sentence. This may include victim restitution, crime victims' compensation fees, costs associated with the offender's prosecution and sentence, fines, penalties, and assessments.

This bill would:

- Eliminate interest accrual on the non-restitution portions of LFOs;
- Provide that a court may not impose costs on a defendant who is indigent at the time of sentencing;
- Establish provisions governing payment plans and priority of payment of LFOs;
- Address actions a court may take in sanction proceedings for failure to pay LFOs where the offender's failure to pay is not willful;
- Establish standards for what constitutes willful failure to pay;
- Provide that the DNA database fee is not mandatory if the state has already collected the offender's DNA as a result of a prior conviction;
- Require the Administrative Office of the Courts (AOC) to conduct a study and report on the effectiveness of the LFO reform provisions of this bill. The report would include historical LFO collection data, collection rate data, restitution obligations paid to victims, and percentage of victims who receive full restitution payments. The initial report would be due December 1, 2018, and a final report December 1, 2021.

**Note:** there is no effective date for this bill, so the AOC assumes the bill will be effective July 1, 2017. Information technology modifications required by Section 7 and Section 14 of this bill will require approximately 10,000 hours of staff time for completion. Modifications cannot be completed by July 1, 2017.

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

Section 1 would amend RCW 10.82.090 to eliminate interest accrual on the non-restitution portion of an offender's LFOs imposed in Superior Courts or Courts of Limited Jurisdiction (CLJ) as of the effective date of the bill. This bill would apply to persons convicted as adults or adjudicated in juvenile courts.

Sections 2, 3, 4, and 5 would halt all interest accrual on criminal proceedings in district and municipal courts as of the effective date of the bill.

Section 6(4) would add the option of converting unpaid costs to community restitution hours at the rate of not less than the state minimum wage when the offender petitions the court that unpaid costs are a manifest hardship on the offender or their family, and the defendant is not in default of payment.

Section 7(1) would amend RCW 10.01.170 to require the courts to allow indigent offenders to make payments on their sentenced fines, penalties, assessments, fees, restitution or costs.

Section 7(2) would establish the following priority of how offender's monthly payments would be applied:

- (a) First, proportionally to restitution to victim's that have not been fully compensated from other sources;
- (b) Second, proportionally to restitution to insurance or other sources with respect to a loss that has provided compensation to victims;
- (c) Third, proportionally to crime victim's assessments; and
- (d) Fourth, proportionally to costs, fines, and other assessments required by law.

Section 8(3)(a) would amend RCW 10.01.180 to prevent a court from sanctioning a defendant for contempt for failure to pay fines, penalties, assessments, fees, or costs without a hearing to determine if failure to pay is willful. Failure to pay is only determined as willful if the defendant has the current ability to pay but refuses to do so.

Section 8(3)(c) would require that a homeless or mentally ill defendant's failure to pay unpaid fines or costs is not willful non-compliance and would not subject the offender to penalties.

Section 8(5) would add the option, with the offender's consent, to convert the unpaid fines or costs to community service hours at the rate of no less than the state minimum wage for each hour of community service/restitution. The court would be allowed to reduce, revoke or convert the amount owed to community service/restitution hours for the crime victim penalty assessment.

Section 9 would amend RCW 10.46.190 to require the Superior Courts to waive the jury fee costs if the defendant is indigent at the time of sentencing.

Section 10 would amend RCW 10.64.015 to require the courts to waive the costs on a judgment if the offender is indigent at the time of sentencing.

Section 11 would amend RCW 9.92.070 to require all courts to allow for payment of costs in installments if the court finds that the offender is indigent at the time of sentencing.

Section 12(4) would amend RCW 10.73.160 to prevent the court from ordering an offender to pay appellate costs if the offender is indigent at the time the request for appellate costs is made.

Section 12(5) would allow the court, with the defendant's consent, to convert unpaid appellate costs to community service/restitution hours at the rate of no less than the state minimum wage if the offender is indigent and the failure to pay was not willful.

Section 13(3)(d) would amend RCW 9.94A.6333 to require that a homeless or mentally ill offender's failure to pay an LFO is not willful non-compliance and would not subject the offender to penalties.

Section 13(3)(f) would require the courts to modify the terms of payment of LFO's, reduce or waive non-restitution LFO's, or with the offender's consent, convert non-restitution LFOs to community service/restitution hours at the rate of no less than the state minimum wage if the offender is indigent and the failure to pay is not willful. The crime victim penalty assessment may not be reduced, waived, or converted to community service/restitution hours.

Section 14(1) would amend RCW 9.94A.760 to require Superior Courts to waive LFOs described in RCW 10.01.160, except for restitution or the crime victim penalty assessment. If the court finds that the offender is indigent at the time of sentencing.

Section 14(2) would establish the following priority of how offender's payments are applied:

- (a) First, proportionally to restitution to victim's that have not been fully compensated from other sources;

- (b) Second, proportionally to restitution to insurance or other sources with respect to a loss that has provided compensation to victims;
- (c) Third, proportionally to crime victim's assessments; and
- (d) Fourth, proportionally to costs, fines, and other assessments required by law.

Section 14(3) would not allow courts to order an offender to pay the costs of incarceration if the court finds that the offender is indigent at the time of sentencing. Costs of incarceration are limited to a rate of \$50 per day.

Section 14(11) would provide that if a court determines that an offender is homeless or mentally ill as defined by RCW 71.24.025, failure to pay an LFO is not willful non-compliance and will not subject the offender to penalties.

Section 16 would amend RCW 3.62.085 to require any court to waive the conviction fee of \$43 upon conviction of a plea of guilty if an offender in a criminal case is indigent.

Section 17(2)(h) would amend RCW 36.18.020 to require a court of limited jurisdiction (district or municipal court) to waive the appellate fee of \$200 for an indigent offender.

Section 18 would amend RCW 43.43.7541 to remove the requirement for the court to impose the DNA database fee if the state has previously collected the offender's DNA as a result of a prior conviction.

Section 19(4) would amend RCW 7.68.035, revising revenue distribution of penalty assessments paid by the clerk of the Superior Court to county treasurers.

Section 20 would require the AOC to conduct a study and report on the effectiveness of the LFO reform provisions of this bill. The report would include historical LFO collection data, collection rate data, restitution obligations paid to victims, and percentage of victims who receive full restitution payments. The initial report would be due December 1, 2018, and a final report December 1, 2021

## **II.B - Cash Receipt Impact**

This bill would have revenue impact on the courts. The following assumptions were used to determine revenue impacts.

### **Section 1(1)**

This section of the bill would eliminate interest accrual on the non-restitution portion of an offender's LFOs imposed in Superior Courts or in courts of limited jurisdiction (district and municipal courts) as of the effective date of the bill.

For purposes of this Judicial Impact Note, it is assumed this bill would become effective beginning in Fiscal Year 2018. For purposes of this analysis, estimated interest accrual and interest estimated for Fiscal Years 2018 – 2023 is based on JIS data from Fiscal Years 2009 - 2014.

To illustrate the potential estimated decline in interest revenue for Section 1(1), Judicial Information System (JIS) data for the time period 2009 through 2014 was used to determine the amounts of interest that was received on non-restitution LFOs. Data for this time period revealed that the average annual interest accrued during this time period was \$1,996,606. JIS data showed that an annual average of \$17,309 of interest payments on first year assessed LFOs were actually received during this same time period.

Using this time frame and data as a baseline, revenue loss over the first six years of implementation starting in Fiscal Year 2018 can be estimated.

The Administrative Office of the Courts (AOC) assumes that the average amount of assessed interest for the time period 2009 – 2014 would be assessed beginning in 2018. Based on this, it is assumed that the same percentage of interest payments received on original assessments versus what would be assessed would be lost. Payments received in the ensuing years on original assessments would also be lost. This would result in a cumulative interest loss of (\$658,387) by Fiscal Year 2023.

Interest revenue is distributed based on RCW 10.82.090; 25% to the State General Fund, 25% to the Judicial Information System Account, 50% to the individual county current expense funds.

Based on this data, estimated loss of interest revenue is summarized in Table I, below.

**Table I – Section 1(1)  
Revenue Loss FY 2018 through FY 2023 – Superior Courts**

Cumulative Interest Revenue Loss						
Loss	2018	2019	2020	2021	2022	2023
First Year	(17,309)	(17,309)	(17,309)	(17,309)	(17,309)	(17,309)
Avg Paid After Two Years		(88,315)	(88,315)	(88,315)	(88,315)	(88,315)
Avg Paid After Three Years			(126,890)	(126,890)	(126,890)	(126,890)
Avg Paid After Four Years				(142,395)	(142,395)	(142,395)
Avg Paid After Five Years					(142,758)	(142,758)
Avg Paid After Six Years						(140,720)
<b>Total</b>	<b>(17,309)</b>	<b>(105,624)</b>	<b>(232,514)</b>	<b>(374,909)</b>	<b>(517,666)</b>	<b>(658,387)</b>
Revenue Distribution						
General Fund State	(4,327)	(26,406)	(58,128)	(93,727)	(129,417)	(164,597)
JIS Account	(4,327)	(26,406)	(58,128)	(93,727)	(129,417)	(164,597)
County Expense	(8,654)	(52,812)	(116,257)	(187,454)	(258,833)	(329,193)
<b>Total</b>	<b>(17,309)</b>	<b>(105,624)</b>	<b>(232,514)</b>	<b>(374,909)</b>	<b>(517,666)</b>	<b>(658,387)</b>

Note: For purposes of this estimate, it is assumed the average revenue that would have been received on the interest accrual for the previous year would begin in FY 2018 and continue at the same average. The average revenue received on the interest accrual for FY 2018 that would have been received in FY 2019 is \$88,315. This would be added to the new \$17,309 that would not be collected in FY 2019 for a total estimated revenue loss of \$105,624. The average revenue received on the interest accrual for FY 2018 during the third year (FY 2020) is \$126,890. This would be added (cumulative) to the \$105,624 for a total of \$232,514. The same logic is continued into ensuing years.

**Sections 2,3,4 and 5**

The amendments to Sections 2, 3, 4 and 5 would result in no interest accrual on LFOs for criminal proceedings in district and municipal courts. Interest does not accrue on LFOs imposed by district and municipal courts until the LFOs are sent to a collection agency.

JIS data was used to estimate the potential revenue loss resulting from this bill. JIS data shows that in 2013 and 2014 the average interest per year received by district and municipal courts from collection agencies was \$10,499,997.

Section 2(4)(a), Section 3(5)(a), Section 4(5)(a), and Section 5(4)(a) allow collection agencies to assess twelve percent interest on criminal, infraction, and vehicle violations sent to collections

by the courts. Thus, the AOC assumes that only LFOs attributable to criminal cases will not accrue interest.

JIS data shows that 648,341 cases were sent to collection agencies in 2014. Of these cases, 235,917 (36%) were criminal cases. For purposes of this analysis, it is assumed that 36% of the average interest collected per year (attributable to criminal cases) would be lost. 36% of \$10,499,997 is \$3,779,996.

Detailed data from collection agencies is not available to calculate potential revenue impacts similar to Section 1(1). Thus, for purposes of illustration of the estimated revenue loss that would occur resulting from changes to Sections 2, 3, 4 and 5, the same percentages of annual interest assessed to annual revenue collected used in the Section 1(1) analysis is used.

Interest revenue is distributed based on RCW 10.82.090; 25% to the State General Fund, 25% to the Judicial Information System Account, and 50% to the individual county current expense accounts.

**Table II – Sections 2, 3, 4, and 5  
Potential Revenue Loss FY 2018 through FY 2023 – District & Municipal Courts**

Baseline & Percentage	2018	2019	2020	2021	2022	2023
\$3,779,998	-0.9%	-5.3%	-11.6%	-18.8%	-25.9%	-33.0%
Loss of interest revenue	(32,769)	(199,968)	(440,198)	(709,782)	(980,052)	(1,246,465)

*Note: amounts may vary slightly due to rounding.*

Revenue Distribution						
General Fund State	(8,192)	(49,992)	(110,049)	(177,445)	(245,013)	(311,616)
JIS Account	(8,192)	(49,992)	(110,049)	(177,445)	(245,013)	(311,616)
County Expense	(16,385)	(99,984)	(220,099)	(354,891)	(490,026)	(623,233)
<b>Total</b>	<b>(32,769)</b>	<b>(199,968)</b>	<b>(440,198)</b>	<b>(709,782)</b>	<b>(980,052)</b>	<b>(1,246,465)</b>

**Section 6(4)**

This section would add the option of converting unpaid costs to community service / restitution hours at the rate of not less than the state minimum wage when the offender petitions the court for manifest hardship. The AOC assumes that there would be some reduction in revenue due to more LFOs converted to community service / restitution hours. However, no JIS data is available to estimate this impact. Thus, fiscal impact for this section of the bill is indeterminate.

**Section 7(2)**

This section of the bill would mandate the prioritization of how offender’s payments are applied to LFOs. Payments would be prioritized as follows:

1. First, proportionally to restitution to victim’s that have not been fully compensated from other sources;
2. Second, proportionally to restitution to insurance or other sources with respect to a loss that has provided compensation to victims;
3. Third, proportionally to crime victim’s assessments; and
4. Fourth, proportionally to costs, fines, and other assessments required by law.

The prioritization would change how payments are applied when received. State and local jurisdictions would see a delay in receipt of their portions of the LFOs.

**Section 8(5)**

This section would amend RCW 10.01.180 to add the option, with the offenders consent, to convert unpaid costs to community service / restitution hours at the rate of no less than the state

minimum wage for each hour of community service. The court would not be allowed to reduce, revoke, or convert community restitution hours for the crime victim penalty assessment.

The AOC assumes there would be some reduction in revenue due to more LFOs converted to community service / restitution hours. However, no JIS data is available to determine this impact. Thus, fiscal impact for this bill section is indeterminate.

**Section 9**

This section would require the superior courts to waive the jury fee costs if the offender is indigent at the time of sentencing.

JIS data was reviewed for jury fee costs assessed during the time period 2009-2013. The average annual amount of jury fee costs assessed during this time period was \$404,909. During this same time period, the average annual amount of jury fee cost paid was 40%.

Based on data provided by the Office of Public Defense, 80% of offenders convicted of felonies are found to be indigent. For purposes of this analysis, the AOC assumes that 80% of offenders would be found indigent at time of sentencing.

Table III below displays the estimated annual revenue loss, and cumulative estimated revenue loss from 2018-2023.

**Table III – Section 9  
Potential Revenue Loss – Jury Fee Costs**

	2018	2019	2020	2021	2022	2023
Average Jury Fee Costs	404,909	404,909	404,909	404,909	404,909	404,909
Percent Indigency	80%	80%	80%	80%	80%	80%
Amount Assessed	323,927	323,927	323,927	323,927	323,927	323,927
Percent Paid	40%	40%	40%	40%	40%	40%
Estimated Revenue Loss	(129,571)	(129,571)	(129,571)	(129,571)	(129,571)	(129,571)
Cumulative Loss	(129,571)	(259,142)	(388,713)	(518,284)	(647,854)	(777,425)

**Section 10**

This section would require the courts to waive the costs on a judgement if the offender is found to be indigent at the time of sentencing. There is no JIS data available to estimate additional costs that could be waived other than those costs already identified in other sections of this bill

**Section 12(4)**

This section would prevent the court from ordering an offender to pay appellate costs if the offender is indigent as defined by RCW 10.101.010. An offender’s appellate costs are not tracked separately from other costs in the JIS. Thus, fiscal impact for this section is indeterminate.

**Section 12(5)**

This section would allow the court, with the offender’s consent, to convert unpaid appellate costs to community service/restitution hours at the rate of no less than the state minimum wage if the offender is indigent and the failure to pay is not willful.

The AOC assumes that there would be some reduction in revenue due to unpaid appellate costs being converted to community service/restitution hours. However, there is no JIS data that details appellate costs. Thus, this fiscal impact for this section is indeterminate.

**Section 13(3)(d)**

This section would require that a homeless or mentally ill offender's failure to pay a LFO is not willful non-compliance and will not subject the offender to penalties. There is no JIS data available to show how many LFOs belong to homeless or mentally ill persons. Thus, fiscal impact for this section is indeterminate.

### **Section 13(3)(f)**

This section requires the courts to modify the terms of payment of LFOs, reduce or waive non-restitution LFOs, or with the offender's consent convert non-restitution LFOs to community service/restitution hours at the rate of no less than the state minimum wage if the offender is indigent and the failure to pay is not willful. The crime victim penalty assessment may not be reduced, waived or converted to community service/restitution hours.

Current law already allows the courts to modify LFOs. This section would require modifications for indigent offenders. There is no JIS data to estimate how many LFOs would be modified, and thus the amount of LFOs that would be reduced, waived, or converted to community service hours. Thus, fiscal impact for this section is indeterminate.

### **Section 14(1)**

This section would require superior courts to waive costs described in RCW 10.01.160 if the court finds that the offender is indigent at the time of sentencing. The costs that would no longer be received are included in the estimates above.

### **Section 14(2)**

This section mandates the following priority of how offender's monthly LFO payments received by superior courts would be applied:

1. First, proportionally to restitution to victim's that have not been fully compensated from other sources;
2. Second, proportionally to restitution to insurance or other sources with respect to a loss that has provided compensation to victims;
3. Third, proportionally to crime victim's assessments; and
4. Fourth, proportionally to costs, fines, and other assessments required by law.

This section would change the priority of how payments are applied. State and local jurisdictions may be delayed in receiving their portions of LFOs.

### **Section 14(3)**

This section would prevent the courts from ordering an offender to pay the cost of incarceration at the local jail if the if the court finds that the offender is indigent at the time of sentencing. The costs of incarceration that would no longer be received are included in the estimates above.

### **Section 14(11)(d)**

This section would require that a homeless or mentally ill offender's failure to pay an LFO is not willful non-compliance and does not subject the offender to penalties. There is no JIS data to estimate how many LFOs belong to homeless or mentally ill persons to estimate what additional penalties would not be ordered and the revenue loss that would result. Thus, fiscal impact for this section is indeterminate.

### **Section 16**

This section would require any district or municipal court to waive the conviction fee of \$43 if an offender in a criminal case is indigent.

JIS data was reviewed for conviction fee data from 2010 – 2014 for district and municipal courts. It was determined that an annual average of \$3,001,787 for conviction fees was ordered in district courts, and an annual average of \$2,087,185 was ordered in municipal courts.

JIS data for the same time period shows that 46.4% of conviction fees assessed were paid in district courts, and 34% of conviction fees assessed were paid in municipal courts.

The United States Census bureau reports a 17.5% poverty level in Washington State. For purposes of this analysis, the AOC assumes that 17.5% percent of offenders ordered to pay the conviction fee would be indigent.

Based on this data, the following tables display the revenue impact for district and municipal courts.

**Table IV – District Court Revenue Loss – Conviction Fees**

District Court	2018	2019	2020	2021	2022	2023
Avg Conviction Fee Ordered	3,001,787	3,001,787	3,001,787	3,001,787	3,001,787	3,001,787
Percent Indigency	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Amount Assessed	525,313	525,313	525,313	525,313	525,313	525,313
Percent Paid	46.4%	46.4%	46.4%	46.4%	46.4%	46.4%
Estimated Revenue Loss	(243,745)	(243,745)	(243,745)	(243,745)	(243,745)	(243,745)
Cumulative Loss	(243,745)	(487,490)	(731,235)	(974,980)	(1,218,726)	(1,462,471)

**Table V – Municipal Court Revenue Loss – Conviction Fees**

Municipal Court	2018	2019	2020	2021	2022	2023
Avg Conviction Fee Ordered	2,087,185	2,087,185	2,087,185	2,087,185	2,087,185	2,087,185
Percent Indigency	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Amount Assessed	365,257	365,257	365,257	365,257	365,257	365,257
Percent Paid	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Estimated Revenue Loss	(124,188)	(124,188)	(124,188)	(124,188)	(124,188)	(124,188)
Cumulative Loss	(124,188)	(248,375)	(372,563)	(496,750)	(620,938)	(745,125)

**Section 17(2)(h)**

This section would amend RCW 36.18.020 to require a court of limited jurisdiction (district and municipal courts) to waive the appellate filing fee of \$200 for an indigent offender.

JIS data was reviewed for appellate filing fee data from 2013. During this time period, \$64,464 of appellate filing fees were paid. For purposes of this analysis, U.S. Census poverty data (17.5% of Washington citizens) was used to determine the percentage of filing fees that would be waived (i.e., 17.5% of offenders would be indigent).

Based on this data, the following table displays the revenue impact for district and municipal courts.

**Table VI – Estimated Appellate Filing Fee Revenue Loss**

District/Municipal	2018	2019	2020	2021	2022	2023
Appellate Filing Fees	64,464	64,464	64,464	64,464	64,464	64,464
Percent Indigency	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Estimated Revenue Loss	(11,281)	(11,281)	(11,281)	(11,281)	(11,281)	(11,281)
Cumulative Revenue Loss	(11,281)	(22,562)	(33,844)	(45,125)	(56,406)	(67,687)

**Section 18**

This section would require the courts not to impose the DNA database fee if the state has previously collected an offender's DNA as a result of a prior conviction. There is no JIS data available to estimate how many future offenders would have previous DNA samples and therefore would not be subject to the assessment of the fee. Thus, fiscal impact for this section is indeterminate.

**Revenue Summary**

Table VII summarizes revenue impact by bill section.

**Table VII – Revenue Loss by Bill Section**

<b>Revenue Loss by Section</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Section 1</b>						
General Fund	(4,327)	(26,406)	(58,128)	(93,727)	(129,416)	(164,596)
JIS Account	(4,327)	(26,406)	(58,128)	(93,727)	(129,416)	(164,596)
Counties	(8,655)	(52,812)	(116,258)	(187,455)	(258,834)	(329,195)
<b>Total</b>	<b>(17,309)</b>	<b>(105,624)</b>	<b>(232,514)</b>	<b>(374,909)</b>	<b>(517,666)</b>	<b>(658,387)</b>
<b>Section 2,3,4,5</b>						
General Fund	(8,192)	(49,992)	(110,049)	(177,445)	(245,013)	(311,616)
JIS Account	(8,192)	(49,992)	(110,049)	(177,445)	(245,013)	(311,616)
Counties	(16,385)	(99,984)	(220,099)	(354,891)	(490,026)	(623,233)
<b>Total</b>	<b>(32,769)</b>	<b>(199,968)</b>	<b>(440,198)</b>	<b>(709,782)</b>	<b>(980,052)</b>	<b>(1,246,465)</b>
<b>Section 9</b>						
Counties	<b>(129,571)</b>	<b>(129,571)</b>	<b>(129,571)</b>	<b>(129,571)</b>	<b>(129,571)</b>	<b>(129,571)</b>
<b>Section 16</b>						
Counties	(243,744)	(243,744)	(243,744)	(243,744)	(243,744)	(243,744)
Cities	(124,187)	(124,187)	(124,187)	(124,187)	(124,187)	(124,187)
<b>Total</b>	<b>(367,931)</b>	<b>(367,931)</b>	<b>(367,931)</b>	<b>(367,931)</b>	<b>(367,931)</b>	<b>(367,931)</b>
<b>Section 17</b>						
General Fund	<b>(11,281)</b>	<b>(11,281)</b>	<b>(11,281)</b>	<b>(11,281)</b>	<b>(11,281)</b>	<b>(11,281)</b>

<b>Totals by Account</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Fund	(23,800)	(87,679)	(179,458)	(282,453)	(385,710)	(487,493)
JIS Account	(12,519)	(76,398)	(168,177)	(271,172)	(374,429)	(476,212)
Counties	(398,355)	(526,111)	(709,672)	(915,661)	(1,122,175)	(1,325,743)
Cities	(124,187)	(124,187)	(124,187)	(124,187)	(124,187)	(124,187)
<b>Total</b>	<b>(558,861)</b>	<b>(814,375)</b>	<b>(1,181,495)</b>	<b>(1,593,474)</b>	<b>(2,006,501)</b>	<b>(2,413,635)</b>

**II.C – Expenditures**

This bill would have expenditure impact on the courts. The following assumptions were used to determine expenditure impacts for this Judicial Impact Note:

**Section 1(1) and Sections 2, 3, 4, and 5**

The Judicial Information System (JIS) would require modification to handle the removal of interest as established by this bill. These modifications and testing are estimated at 400 hours. The cost is expected to be approximately \$50,000 (400 hours x \$125 per hour). The Odyssey system, currently being implemented, will not need to be modified.

**Sections 7(2) and 14(2)**

This bill provides for prioritization of payments for LFOs. Current system processes do not allow for the prioritization as established in this bill, or the separation and proportional payment of restitution to more than one victim. The provisions of this bill will require extensive modifications to IT systems utilized by the courts and the AOC. The estimated time for the AOC to implement these modifications is 10,080 hours. This would include, but is not limited to, extensive modifications to the Judicial Information System (JIS) and testing, changes to accounting codes, manuals, court notifications, and court education. The estimated cost would be \$534,240.

**NOTE:** This work cannot be completed before the assumed July 1, 2017 effective date of this bill.

### **Sections 8(5), 12(5) and 13(3)(f)**

These sections would require the courts, with the defendants consent, to convert their unpaid costs (except for crime victim penalty assessments) to community service hours if the defendant is indigent.

It is assumed that once this option became available there would be at least five percent of eligible indigent defendants requesting hearings to have their current unpaid costs converted to community service hours during the first year. It is also assumed that half the number would request hearings in the second year, one percent in the third year, and thereafter the number would be minimal. Based on input from the courts, this type of hearing would take approximately thirty minutes.

### **Superior Courts**

There are 98,410 persons with superior court LFOs. According to the Washington Office of Public Defense, 80-90% of people charged with felonies are found to be indigent by the courts. If 80% of the 98,410 persons with superior court LFOs were indigent then there would be 78,728 people that would be eligible to convert their LFOs to community service. If only 5 percent of those people (3,936) requested a hearing to convert their LFOs to community services hours the initial potential expenditures to the courts would be \$898,769 for the county and \$205,521 for the state. This equates to an additional 1.74 judicial officer FTE, 4.25 superior court staff FTE and 5.61 clerk staff FTE for the first year.

The second year assumption is 2.5 percent of the remaining people who were eligible (1,869) would request a hearing resulting in a total expenditure to the courts of \$524,369; \$426,778 to the county and \$97,591 to the state. The second year FTE impact equates to an additional 0.83 judicial officer FTE, 2.02 superior court staff FTE and 2.66 clerk staff FTE.

The third year it is assumed one percent of the remaining people (729) would request a hearing resulting in a total expenditure to the courts of \$204,529; \$166,464 to the county and \$38,065 to the state. The third year FTE impact equates to an additional 0.32 judicial officer FTE, 0.79 superior court staff FTE and 1.04 clerk staff FTE.

### **District and Municipal Courts**

For the purpose of this judicial impact note, the total number of people who owe legal financial obligations to district and municipal courts will be combined. All of the calculations will be at the district court level.

There are 450,847 persons with district and municipal court LFOs. According to the U.S. Census Bureau, 17.5 percent of Washington residents are at or below 125 percent of the federal poverty level. For the purposes of this analysis, the 17.5% indigent rate will be used.

If 17.5% of the 450,847 persons with limited jurisdiction court LFOs were indigent then there would be 78,898 people that would be eligible to convert their LFOs to community service. Based on input from the courts, this type of hearing could take approximately 30 minutes. For

illustration purposes, if only 5 percent of those people (3,945) requested a hearing to convert their LFOs to community services hours the potential impact to the district courts would be \$822,749 costs to the county. This equates to an additional 1.14 judicial officer FTE and 9.42 court staff FTE for the first year.

The second year assumption is 2.5 percent of the remaining people who were eligible (1,874) would request a hearing that would result in costs of \$390,832 to the county. The second year FTE impact equates to an additional 0.54 judicial officer FTE and 4.48 court staff FTE.

The third year it is assumed one percent of the remaining people (731) would request a hearing that would result in costs of \$152,454 to the county. The third year FTE impact equates to an additional 0.21 judicial officer FTE and 1.75 court staff FTE.

**Note:** Not all cities and counties have an existing community service program. Therefore, it is assumed that the conversion to community service option would only be available where a community service program is established. There is insufficient data to estimate the costs for cities and counties to manage the offenders who would be doing community service

<b>Section 8(5), 12(5) and 13(3)(f)</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Superior Court FTE	11.6	5.7	2.2
Superior Court Cost	1,104,290	524,369	204,529
District/Municipal Court FTE	10.6	5.0	2.0
District/Municipal Court Cost	822,749	390,832	152,454
Total Estimated FTE	22.16	10.73	4.11
Total Estimated Cost	2,283,379	915,201	356,983

### **Section 20**

This section would require the AOC to conduct a study and report on the effectiveness of the LFO reform provisions of this bill. The report would include historical LFO collection data, collection rate data, restitution obligations paid to victims, and percentage of victims who receive full restitution payments. The initial report would be due December 1, 2018, and a final report December 1, 2021. The AOC is unable at this time to determine if the data needed to fulfill the requirements of this section are in a format that is usable for this purpose. Further study of available data would need to be conducted, and determination of resources required to complete the report(s). Therefore, fiscal impact of this section is indeterminate.

## **Part III: Expenditure Detail**

### **III.A – Expenditures by Object or Purpose**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
FTE – Staff Years					
A – Salaries & Wages					
B – Employee Benefits					
C – Prof. Service Contracts					
E – Goods and Services					
G – Travel					
J – Capital Outlays					
P – Debt Service					
<b>Total:</b>					

### **III.B – Detail:**

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
<b>Total FTE's</b>						

**Part IV: Capital Budget Impact**

None.

**Part V: New Rule Making Required**

None.