

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 5043 S SB	<b>Title:</b> Payment of debts	<b>Agency:</b> 055-Administrative 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.**

*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 # SSB 5043-3

## **Part II: Narrative Explanation**

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

The original bill would amend RCW 19.16.100 and RCW 19.16.250 to authorize collection agencies to collect transaction fees not to exceed two percent of the payment amount for processing credit card payments. There was no fiscal impact to the courts.

The substitute bill would not only amend RCW 19.16.100 and RCW 19.16.250 but would also:

- 1) Add new sections to RCW 9.94A that would state that no interest shall accrue on nonrestitution legal financial obligations until the date of release from full or partial custody as indicated on the judgment and sentence.
- 2) Amend RCW 3.50.100, RCW 3.62.020, RCW 3.62.040 and RCW 35.20.220 to state that collection agencies would not be able to charge interest on legal financial obligations until the date of release from full or partial custody as indicated on the judgment and sentence.
- 3) Amend RCW 10.82.090 to state that the court shall waive all interest on the portions of the legal financial obligations that are not restitution for the conviction giving rise to the financial obligations, provided the offender has paid the principal amount in full within five years after the term of partial or total confinement.

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

There will be revenue lost resulting from interest waiver however the amount of revenue loss is not quantifiable at this time.

### **II. C - Expenditures**

Section 1 would add a new section to RCW 9.94A that would state that no interest shall accrue on non-restitution legal financial obligations until the date of release from full or partial custody as indicated on the judgment and sentence. Based on feedback from legislative staff, the assumption is that this would apply to any case in the state. The courts of limited jurisdiction only accrue interest at the point of collection. Each court would manually inform the collection agency to not charge interest during the incarceration, however contractual obligations may require the court to withdraw the case from collection during incarceration and re-submit it after the incarceration period. Collection agencies charge for case withdrawal and (re)submittal, therefore there would be an increase in costs associated with collection contracts. Because this would be a manual process there would be no or very little information technology cost associated with this process. However, the costs associated with the manual process would be large. At the superior court level it is assumed that the Department of Corrections (DOC) would manage implementation during incarceration and the court would manage implementation post incarceration. The current information technology system cannot calculate interest on a daily basis. Because of this limitation, it is assumed that incarceration is counted in monthly installments, rather than daily. Therefore, if someone is incarcerated for one day, interest would not accrue for the entire month. Superior courts that send LFOs to collections could follow the manual limited jurisdiction court process noted above.

Section 11 would amend 10.82.090 as follows: (2)(a) would state that the court shall waive all interest on the portions of the legal financial obligations that are not restitution for the conviction giving rise to the financial obligations, provided the offender has paid the principal amount in full within five years after the term of partial or total confinement. This would require a final release date to be populated by DOC upon release. If the person were to become re-incarcerated, the courts would require the ability to update the system to ensure interest accrual ceases during incarceration. Assuming no other statutes require interest to be paid earlier, the system would need to be updated to separate interest from principal, determine the payment interval and to collect/record interest after the principal is fully paid. If the non-restitution principal obligation was paid in full within five years the system would automatically would remove all interest.

A number of reports would need to be built and tested to ensure courts and clerks offices know which cases have had interest waived and which have not.

Additional clarification is needed before a cost estimate can be developed, therefore costs are indeterminate at this time.

## **Part III: Expenditure Detail**

## **Part IV: Capital Budget Impact**