

SENATE BILL REPORT

SB 5176

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 23, 1993

Brief Description: Concerning the cashing of government issued checks or warrants.

SPONSORS: Senators Vognild, Pelz, Moore, Wojahn and Fraser

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5176 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Fraser, McAuliffe, Pelz, Sutherland, Vognild, and Wojahn.

Staff: Benson Porter (786-7470)

Hearing Dates: January 13, 1993; February 23, 1993

BACKGROUND:

While some financial institutions will not cash a government issued check or public assistance check for a noncustomer, those institutions that will cash such checks sometimes charge a fee for the service. For those institutions charging a fee, some institutions charge a fixed fee, which range from less than \$1 to \$7, while other institutions charge a fee of approximately 2 percent of the face amount of the check. In addition to financial institutions, check cashers also cash government issued checks for a fee ranging from 2 to 5 percent of the check's face amount depending upon the type of check and whether the person can provide identification.

Some interest has been expressed in requiring qualified public depositaries to cash certain government issued checks. Qualified public depositaries are those financial institutions approved by the Washington Public Deposit Protection Commission to accept public funds and include many commercial banks, savings banks, and savings and loan associations.

SUMMARY:

The State Treasurer is prohibited from maintaining a cash or demand deposit with any qualified public depositary that charges a fee to cash a government issued unemployment compensation, workers' compensation, social security, or public assistance check.

EFFECT OF PROPOSED SUBSTITUTE:

In order for a financial institution to be a qualified public depositary, the institution may not charge a noncustomer more

than \$1 to cash a check or warrant issued by this state or the federal government.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Low-cost check cashing services are needed because many of the people cashing government checks live on a limited fixed income, escalating the impact of check cashing fees.

TESTIMONY AGAINST:

Most lenders offer low-cost, basic checking accounts, and some institutions offer special accounts for senior citizens. The availability of these products raises questions about the need for the bill.

TESTIFIED: Kathy Morefield, Fair Budget Action Campaign (pro); Arnold Livingston, Senior Citizen Lobby (pro); Trevor Sandison, Washington Bankers Association (con)