S-1443.2			
D-1443.4			

SUBSTITUTE SENATE BILL 5423

State of Washington 62nd Legislature 2011 Regular Session

By Senate Human Services & Corrections (originally sponsored by Senators Regala, Hargrove, Chase, and Kline)

READ FIRST TIME 02/21/11.

- 1 AN ACT Relating to legal financial obligations; amending RCW
- 2 10.82.090, 9.94A.760, 4.56.190, 9.94A.7606, 9.94A.7607, 9.94A.7608, and
- 3 9.94A.7609; and creating a new section.

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- 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 5 <u>NEW SECTION.</u> **Sec. 1.** (1) The legislature finds that it is in the 6 interest of the public to promote the reintegration into society of individuals convicted of crimes. Research indicates that legal financial obligations may constitute a significant 8 barrier 9 successful reintegration. The legislature further recognizes that the 10 accrual of interest on nonrestitution debt during the term of 11 incarceration results in many individuals leaving prison with insurmountable debt. These circumstances make it less likely that 12 restitution will be paid in full and more likely that former offenders 13 and their families will remain in poverty. In order to foster 14 15 reintegration, this act creates a mechanism for courts to eliminate 16 interest accrued on nonrestitution debt during incarceration and 17 improves incentives for payment of legal financial obligations.
 - (2) At the same time, the legislature believes that payment of legal financial obligations is an important part of taking personal

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- responsibility for one's actions. The legislature therefore, supports the efforts of county clerks in taking collection action against those
- 3 who do not make a good faith effort to pay.

- Sec. 2. RCW 10.82.090 and 2009 c 479 s 14 are each amended to read as follows:
 - (1) Except as provided in subsection (2) of this section, financial obligations imposed in a judgment shall bear interest from the date of the judgment until payment, at the rate applicable to civil judgments. All nonrestitution interest retained by the court shall be split twenty-five percent to the state treasurer for deposit in the state general fund, twenty-five percent to the state treasurer for deposit in the judicial information system account as provided in RCW 2.68.020, twenty-five percent to the county current expense fund, and twenty-five percent to the county current expense fund local courts.
 - (2) The court may, on motion by the offender, following the offender's release from total confinement, reduce or waive the interest on legal financial obligations levied as a result of a criminal conviction((\cdot, \cdot)) as follows:
 - (a) The court shall waive all interest on the portions of the legal financial obligations that are not restitution that accrued during the term of total confinement for the conviction giving rise to the financial obligations, provided the offender shows that the interest creates a hardship for the offender or his or her immediate family;
 - (b) The court may reduce interest on the restitution portion of the legal financial obligations only if the principal has been paid in full;
- (c) The court may otherwise reduce or waive the interest ((only as an incentive for the offender to meet his or her)) on the portions of the legal financial obligations((. The court may not waive the interest on the restitution portion of the legal financial obligation and may only reduce the interest on the restitution portion of the legal financial obligation if the principal of the restitution has been paid in full.)) that are not restitution if the offender ((must)) shows that he or she has personally made a good faith effort to pay((τ)) and that the interest accrual is causing a significant hardship((τ and that he or she will be unable to pay the principal and interest in full and that reduction or waiver of the interest will likely enable the

offender to pay the full principal and any remaining interest 1 2 thereon)). For purposes of this section, "good faith effort" means that the offender has either $((\frac{a}{b}))$ (i) paid the principal amount in 3 4 full; or (((b))) (ii) made ((twenty four consecutive)) at least fifteen monthly payments within an eighteen-month period, excluding any 5 payments mandatorily deducted by the department of corrections((, on 6 7 his or her legal financial obligations under his or her payment 8 agreement with the court));

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- (d) For purposes of (a) through (c) of this subsection, the court may reduce or waive interest on legal financial obligations only as an incentive for the offender to meet his or her legal financial obligations. The court may grant the motion, establish a payment schedule, and retain jurisdiction over the offender for purposes of reviewing and revising the reduction or waiver of interest.
- 15 <u>(3)</u> This section applies to persons convicted as adults or 16 <u>adjudicated</u> in juvenile court.
 - Sec. 3. RCW 9.94A.760 and 2008 c 231 s 35 are each amended to read as follows:
 - (1) Whenever a person is convicted in superior court, the court may order the payment of a legal financial obligation as part of the sentence. The court must on either the judgment and sentence or on a subsequent order to pay, designate the total amount of a legal financial obligation and segregate this amount among the separate assessments made for restitution, costs, fines, and other assessments required by law. On the same order, the court is also to set a sum that the offender is required to pay on a monthly basis towards satisfying the legal financial obligation. If the court fails to set the offender monthly payment amount, the department shall set the amount if the department has active supervision of the offender, otherwise the county clerk shall set the amount. Upon receipt of an offender's monthly payment, restitution shall be paid prior to any payments of other monetary obligations. After restitution satisfied, the county clerk shall distribute the payment proportionally among all other fines, costs, and assessments imposed, unless otherwise ordered by the court.
 - (2) If the court determines that the offender, at the time of sentencing, has the means to pay for the cost of incarceration, the

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court may require the offender to pay for the cost of incarceration at a rate of fifty dollars per day of incarceration, if incarcerated in a prison, or the court may require the offender to pay the actual cost of incarceration per day of incarceration, if incarcerated in a county jail. In no case may the court require the offender to pay more than one hundred dollars per day for the cost of incarceration. Payment of other court-ordered financial obligations, including all legal financial obligations and costs of supervision shall take precedence over the payment of the cost of incarceration ordered by the court. All funds recovered from offenders for the cost of incarceration in the county jail shall be remitted to the county and the costs of incarceration in a prison shall be remitted to the department.

(3) The court may add to the judgment and sentence or subsequent order to pay a statement that a notice of payroll deduction is to be issued immediately. If the court chooses not to order the immediate issuance of a notice of payroll deduction at sentencing, the court shall add to the judgment and sentence or subsequent order to pay a statement that a notice of payroll deduction may be issued or other income-withholding action may be taken, without further notice to the offender if a monthly court-ordered legal financial obligation payment is not paid when due, and an amount equal to or greater than the amount payable for one month is owed.

If a judgment and sentence or subsequent order to pay does not include the statement that a notice of payroll deduction may be issued or other income-withholding action may be taken if a monthly legal financial obligation payment is past due, the department or the county clerk may serve a notice on the offender stating such requirements and authorizations. Service shall be by personal service or any form of mail requiring a return receipt.

(4) Independent of the department or the county clerk, the party or entity to whom the legal financial obligation is owed shall have the authority to use any other remedies available to the party or entity to collect the legal financial obligation. These remedies include enforcement in the same manner as a judgment in a civil action by the party or entity to whom the legal financial obligation is owed. Restitution collected through civil enforcement must be paid through the registry of the court and must be distributed proportionately according to each victim's loss when there is more than one victim.

The judgment and sentence shall identify the party or entity to whom 1 2 restitution is owed so that the state, party, or entity may enforce the judgment. If restitution is ordered pursuant to RCW 9.94A.750(6) or 3 4 9.94A.753(6) to a victim of rape of a child or a victim's child born from the rape, the Washington state child support registry shall be 5 6 identified as the party to whom payments must be made. Restitution 7 obligations arising from the rape of a child in the first, second, or 8 third degree that result in the pregnancy of the victim may be enforced 9 for the time periods provided under RCW 9.94A.750(6) and 9.94A.753(6). All other legal financial obligations for an offense committed prior to 10 July 1, 2000, may be enforced at any time during the ten-year period 11 12 following the offender's release from total confinement or within ten 13 years of entry of the judgment and sentence, whichever period ends Prior to the expiration of the initial ten-year period, the 14 superior court may extend the criminal judgment an additional ten years 15 for payment of legal financial obligations including crime victims' 16 17 assessments. All other legal financial obligations for an offense committed on or after July 1, 2000, may be enforced at any time the 18 19 offender remains under the court's jurisdiction. For an offense committed on or after July 1, 2000, the court shall retain jurisdiction 20 21 over the offender, for purposes of the offender's compliance with 22 payment of the legal financial obligations, until the obligation is 23 completely satisfied, regardless of the statutory maximum for the 24 The department may only supervise the offender's compliance with payment of the legal financial obligations during any period in 25 26 which the department is authorized to supervise the offender in the 27 community under RCW 9.94A.728, 9.94A.501, or in which the offender is confined in a state correctional institution or a correctional facility 28 29 pursuant to a transfer agreement with the department, and the 30 department shall supervise the offender's compliance during any such The department is not responsible for supervision of the 31 32 offender during any subsequent period of time the offender remains under the court's jurisdiction. The county clerk is authorized to 33 collect unpaid legal financial obligations at any time the offender 34 35 remains under the jurisdiction of the court for purposes of his or her 36 legal financial obligations.

(5) In order to assist the court in setting a monthly sum that the offender must pay during the period of supervision, the offender is

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required to report to the department for purposes of preparing a recommendation to the court. When reporting, the offender is required, under oath, to respond truthfully and honestly to all questions concerning present, past, and future earning capabilities and the location and nature of all property or financial assets. The offender is further required to bring all documents requested by the department.

- (6) After completing the investigation, the department shall make a report to the court on the amount of the monthly payment that the offender should be required to make towards a satisfied legal financial obligation.
- (7)(a) During the period of supervision, the department may make a recommendation to the court that the offender's monthly payment schedule be modified so as to reflect a change in financial circumstances. If the department sets the monthly payment amount, the department may modify the monthly payment amount without the matter being returned to the court. During the period of supervision, the department may require the offender to report to the department for the purposes of reviewing the appropriateness of the collection schedule for the legal financial obligation. During this reporting, the offender is required under oath to respond truthfully and honestly to all questions concerning earning capabilities and the location and nature of all property or financial assets. The offender shall bring all documents requested by the department in order to prepare the collection schedule.
- (b) Subsequent to any period of supervision, or if the department is not authorized to supervise the offender in the community, the county clerk may make a recommendation to the court that the offender's monthly payment schedule be modified so as to reflect a change in financial circumstances. If the county clerk sets the monthly payment amount, or if the department set the monthly payment amount and the department has subsequently turned the collection of the legal financial obligation over to the county clerk, the clerk may modify the monthly payment amount without the matter being returned to the court. During the period of repayment, the county clerk may require the offender to report to the clerk for the purpose of reviewing the appropriateness of the collection schedule for the legal financial obligation. During this reporting, the offender is required under oath to respond truthfully and honestly to all questions concerning earning

capabilities and the location and nature of all property or financial assets. The offender shall bring all documents requested by the county clerk in order to prepare the collection schedule.

- (8) After the judgment and sentence or payment order is entered, the department is authorized, for any period of supervision, to collect the legal financial obligation from the offender. Subsequent to any period of supervision or, if the department is not authorized to supervise the offender in the community, the county clerk is authorized to collect unpaid legal financial obligations from the offender. Any amount collected by the department shall be remitted daily to the county clerk for the purpose of disbursements. The department and the county clerks are authorized, but not required, to accept credit cards as payment for a legal financial obligation, and any costs incurred related to accepting credit card payments shall be the responsibility of the offender.
- (9) The department or any obligee of the legal financial obligation may seek a mandatory wage assignment for the purposes of obtaining satisfaction for the legal financial obligation pursuant to RCW 9.94A.7701. Any party obtaining a wage assignment shall notify the county clerk. The county clerks shall notify the department, or the administrative office of the courts, whichever is providing the monthly billing for the offender.
- (10) The requirement that the offender pay a monthly sum towards a legal financial obligation constitutes a condition or requirement of a sentence and the offender is subject to the penalties for noncompliance as provided in RCW 9.94B.040, 9.94A.737, or 9.94A.740.
- (11)(a) ((Until January 1, 2004, the department shall mail individualized monthly billings to the address known by the department for each offender with an unsatisfied legal financial obligation.
- (b) Beginning January 1, 2004,)) The administrative office of the courts shall mail individualized ((monthly)) periodic billings to the address known by the office for each offender with an unsatisfied legal financial obligation.
- $((\frac{c}{c}))$ (b) The billing shall direct payments, other than outstanding cost of supervision assessments under RCW 9.94A.780, parole assessments under RCW 72.04A.120, and cost of probation assessments under RCW 9.95.214, to the county clerk, and cost of supervision, parole, or probation assessments to the department.

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 $((\frac{d}{d}))$ <u>(c)</u> The county clerk shall provide the administrative office of the courts with notice of payments by such offenders no less frequently than weekly.

- $((\frac{e}{e}))$ <u>(d)</u> The county clerks, the administrative office of the courts, and the department shall maintain agreements to implement this subsection.
- (12) The department shall arrange for the collection of unpaid legal financial obligations during any period of supervision in the community through the county clerk. The department shall either collect unpaid legal financial obligations or arrange for collections through another entity if the clerk does not assume responsibility or is unable to continue to assume responsibility for collection pursuant to subsection (4) of this section. The costs for collection services shall be paid by the offender.
- (13) The county clerk may access the records of the employment security department for the purposes of verifying employment or income, seeking any assignment of wages, or performing other duties necessary to the collection of an offender's legal financial obligations.
- (14) Nothing in this chapter makes the department, the state, the counties, or any state or county employees, agents, or other persons acting on their behalf liable under any circumstances for the payment of these legal financial obligations or for the acts of any offender who is no longer, or was not, subject to supervision by the department for a term of community custody, and who remains under the jurisdiction of the court for payment of legal financial obligations.

Sec. 4. RCW 4.56.190 and 1994 c 189 s 3 are each amended to read as follows:

The real estate of any judgment debtor, and such as the judgment debtor may acquire, not exempt by law, shall be held and bound to satisfy any judgment of the district court of the United States rendered in this state and any judgment of the supreme court, court of appeals, superior court, or district court of this state, and every such judgment shall be a lien thereupon to commence as provided in RCW 4.56.200 and to run for a period of not to exceed ten years from the day on which such judgment was entered unless the ten-year period is extended in accordance with RCW 6.17.020(3), or unless the judgment results from a criminal sentence for a crime that was committed on or

- after July 1, 2000, in which case the lien will remain in effect until
 the judgment is fully satisfied. As used in this chapter, real estate
 shall not include the vendor's interest under a real estate contract
 for judgments rendered after August 23, 1983. If a judgment debtor
 owns real estate, subject to execution, jointly or in common with any
 other person, the judgment shall be a lien on the interest of the
 defendant only.
- Personal property of the judgment debtor shall be held only from the time it is actually levied upon.
- 10 **Sec. 5.** RCW 9.94A.7606 and 1991 c 93 s 7 are each amended to read 11 as follows:

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- (1) The department or county clerk may issue to any person or entity, except to the department, an order to withhold and deliver property of any kind, including but not restricted to, earnings that are due, owing, or belonging to the offender, if the department or county clerk has reason to believe that there is in the possession of such person or entity, property that is due, owing, or belonging to the offender. Such order to withhold and deliver may be issued when a court-ordered legal financial obligation payment is past due:
- (a) If an offender's judgment and sentence or a subsequent order to pay includes a statement that other income-withholding action under this chapter may be taken without further notice to the offender.
- (b) If a judgment and sentence or a subsequent order to pay does not include the statement that other income-withholding action under this chapter may be taken without further notice to the offender but the department or county clerk has served a notice on the offender stating such requirements and authorizations. The service shall have been made by personal service or any form of mail requiring a return receipt.
 - (2) The order to withhold and deliver shall:
- 31 (a) Include the amount of the court-ordered legal financial 32 obligation;
- 33 (b) Contain a summary of moneys that may be exempt from the order 34 to withhold and deliver and a summary of the civil liability upon 35 failure to comply with the order; and
- 36 (c) Be served by personal service or by any form of mail requiring 37 a return receipt.

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- (3) The department or county clerk shall also, on or before the 1 2 date of service of the order to withhold and deliver, mail or cause to be mailed by any form of mail requiring a return receipt, a copy of the 3 4 order to withhold and deliver to the offender at the offender's last known post office address, or, in the alternative, a copy of the order 5 shall be personally served on the offender on or before the date of 6 7 service of the order or within two days thereafter. The copy of the 8 order shall be mailed or served together with an explanation of the right to petition for judicial review. If the copy is not mailed or 9 served as this section provides, or if any irregularity appears with 10 respect to the mailing or service, the superior court, in its 11 12 discretion on motion of the offender promptly made and supported by 13 affidavit showing that the offender has suffered substantial injury due 14 to the failure to mail the copy, may set aside the order to withhold 15 and deliver.
- 16 **Sec. 6.** RCW 9.94A.7607 and 1991 c 93 s 8 are each amended to read 17 as follows:
- 18 (1) A person or entity upon whom service has been made is hereby 19 required to:
 - (a) Answer the order to withhold and deliver within twenty days, exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the order; and
- 23 (b) Provide further and additional answers when requested by the 24 department or county clerk.
 - (2) Any person or entity in possession of any property that may be subject to the order to withhold and deliver shall:
 - (a)(i) Immediately withhold such property upon receipt of the order to withhold and deliver;
- 29 (ii) Deliver the property to the appropriate clerk of the court as 30 soon as the twenty-day answer period expires;
 - (iii) Continue to withhold earnings payable to the offender at each succeeding disbursement interval and deliver amounts withheld from earnings to the appropriate clerk of the court within ten days of the date earnings are payable to the offender;
- (iv) Inform the department <u>or county clerk</u> of the date the amounts were withheld as requested under this section; or

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(b) Furnish the appropriate clerk of the court a good and sufficient bond, satisfactory to the clerk, conditioned upon final determination of liability.

- (3) Where money is due and owing under any contract of employment, expressed or implied, or other employment arrangement, or is held by any person or entity subject to withdrawal by the offender, the money shall be delivered by remittance payable to the order of the appropriate clerk of the court.
- (4) Delivery to the appropriate clerk of the court of the money or other property held or claimed shall satisfy the requirement and serve as full acquittance of the order to withhold and deliver.
- (5) The person or entity required to withhold and deliver the earnings of a debtor under this action may deduct a processing fee from the remainder of the offender's earnings, even if the remainder would otherwise be exempt under RCW 9.94A.761. The processing fee may not exceed:
- (a) Ten dollars for the first disbursement to the appropriate clerk of the court; and
 - (b) One dollar for each subsequent disbursement.
- (6) A person or entity shall be liable to the obligee in an amount equal to one hundred percent of the value of the court-ordered legal financial obligation that is the basis of the order to withhold and deliver, or the amount that should have been withheld, whichever amount is less, together with costs, interest, and reasonable attorneys' fees if that person or entity fails or refuses to deliver property under the order.
- The department <u>or county clerk</u> is authorized to issue a notice of debt pursuant to and to take appropriate action to collect the debt under this chapter if a judgment has been entered as the result of an action by the court against a person or entity based on a violation of this section.
- (7) Persons or entities delivering money or property to the appropriate clerk of the court under this chapter shall not be held liable for wrongful delivery.
- 35 (8) Persons or entities withholding money or property under this 36 chapter shall not be held liable for wrongful withholding.

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Sec. 7. RCW 9.94A.7608 and 1991 c 93 s 9 are each amended to read as follows:

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An order to withhold and deliver or any other income-withholding action authorized by this chapter may be served on the main office of a bank, savings and loan association, or credit union or on a branch office of the financial institution. Service on the main office shall be effective to attach the deposits of an offender in the financial institution and compensation payable for personal services due the offender from the financial institution. Service on a branch office shall be effective to attach the deposits, accounts, credits, or other personal property of the offender, excluding compensation payable for personal services, in the possession or control of the particular branch served.

Notwithstanding any other provision of RCW 9.94A.760 and 9.94A.7601 through 9.94A.761, if the department or county clerk initiates collection action against a joint bank account, with or without the right of survivorship, or any other funds which are subject to the community property laws of this state, notice shall be given to all affected parties that the account or funds are subject to potential withholding. Such notice shall be by first-class mail, return receipt required, or by personal service and be given at least twenty calendar days before withholding is made. Upon receipt of such notice, the nonobligated person shall have ten calendar days to file a petition with the department or the superior court contesting the withholding of his or her interest in the account or funds. The department or county <u>clerk</u> shall provide notice of the right of the filing of the petition with the notice provided in this paragraph. If the petition is not filed within the period provided for herein, the department or county clerk is authorized to proceed with the collection action.

- 30 **Sec. 8.** RCW 9.94A.7609 and 1991 c 93 s 10 are each amended to read 31 as follows:
- 32 (1) The department <u>or county clerk</u> may issue a notice of debt in 33 order to enforce and collect a court-ordered legal financial obligation 34 debt through either a notice of payroll deduction or an order to 35 withhold and deliver.
- 36 (2) The notice of debt may be personally served upon the offender

or be mailed to the offender at his or her last known address by any form of mail requiring a return receipt, demanding payment within twenty days of the date of receipt.

(3) The notice of debt shall include:

- (a) A statement of the total court-ordered legal financial obligation and the amount to be paid each month.
- (b) A statement that earnings are subject to a notice of payroll deduction.
- (c) A statement that earnings or property, or both, are subject to an order to withhold and deliver.
- (d) A statement that the net proceeds will be applied to the satisfaction of the court-ordered legal financial obligation.
- (4) Action to collect a court-ordered legal financial obligation by notice of payroll deduction or an order to withhold and deliver shall be lawful after twenty days from the date of service upon the offender or twenty days from the receipt or refusal by the offender of the notice of debt.
- (5) The notice of debt will take effect only if the offender's monthly court-ordered legal financial obligation payment is not paid when due, and an amount equal to or greater than the amount payable for one month is owned.
- (6) The department or county clerk shall not be required to issue or serve the notice of debt in order to enforce and collect a court-ordered legal financial obligation debt through either a notice of payroll deduction or an order to withhold and deliver if either the offender's judgment and sentence or a subsequent order to pay includes a statement that income-withholding action under this chapter may be taken without further notice to the offender.

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