

HOUSE BILL REPORT

HB 1298

As Reported by House Committee On:

Judiciary
Appropriations

Title: An act relating to small claims collection cost recovery.

Brief Description: Authorizing recovery of additional small claims collection costs.

Sponsors: Representatives Lantz, Carrell and Esser.

Brief History:

Committee Activity:

Judiciary: 2/1/01, 2/22/01 [DPA];

Appropriations: 3/2/01, 3/8/01 [DPA(JUDI)].

Brief Summary of Amended Bill

- Makes the increase of a small claims court judgment discretionary instead of mandatory.
- Allows a court to add reasonable collection fees to a judgment from small claims court when the party fails to timely pay the judgment.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass as amended. Signed by 10 members: Representatives Carrell, Republican Co-Chair; Lantz, Democratic Co-Chair; Hurst, Democratic Vice Chair; Lambert, Republican Vice Chair; Boldt, Casada, Dickerson, Esser, Lovick and McDermott.

Staff: Trudes Hutcheson (786-7384).

Background:

Small claims court is a department within the district court. The small claims court has jurisdiction over cases for the recovery of money if the amount claimed does not exceed \$2,500.

If a monetary judgment is entered in small claims court, the debtor must either pay the prevailing party at the time the judgment is entered or pay based on a court-approved payment plan.

If the judgment is not timely paid, the prevailing party may notify the court. The court must certify the judgment and enter the judgment transcript on the judgment docket of the district court.

If the debtor fails to pay the judgment within 30 days or within the period required by the court, the judgment must be increased by: (a) an amount sufficient to cover costs of certification of the judgment to the district court; and (b) the statutory filing fee required by district courts for filing a transcript to the court. The judgment is increased without regard to the jurisdictional limit in small claims court.

Summary of Amended Bill:

It is now discretionary, as opposed to mandatory, for the court to increase the small claims judgment when the debtor fails to timely pay the judgment. The judgment may also be increased for reasonable collection fees, up to \$300, awarded by the court for work performed to enforce the judgment. The reasonable collection fee is in addition to the amounts the court has discretion to add to the judgment.

Amended Bill Compared to Original Bill:

The bill as amended made it discretionary, as opposed to mandatory, for courts to increase the small claims judgment when the debtor fails to pay within the required time.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This is a small but significant step to enable courts to help citizens who use the court system. There is usually a collection cost to enforcing judgments, and this bill allows the citizen to recoup that cost. It makes the law more workable.

Testimony Against: Small claims are informal, inexpensive, and quick. By adding a collection cost, it complicates the process because courts will have to make a determination regarding how much to award. The parties would have to argue that. The \$300 amount is unnecessary and harsh. Small vendors and debt collectors will use the

process against folks when they can absorb those costs. The phrases in the provision are ambiguous and should be defined.

Testified: (In support) Judge Randal Fritzler, District and Municipal Court Judges Association and Board for Judicial Administration.

(Opposed) Kirk Johns, Washington State Bar Association, Court Improvement Committee.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Judiciary. Signed by 32 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Lisk, Republican Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Gombosky, Grant, Kagi, Keiser, Kenney, Kessler, Lambert, Linville, Mastin, McIntire, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

Staff: Linda Brooks (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Judiciary:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill deals with small claims court: the people's court where people go without benefit of counsel. Currently, when a plaintiff gets a judgment, it is sometimes difficult to collect. This bill helps to give the prevailing party a shot at being able to collect. The bill gives the courts discretion in deciding whether a collection cost may be added to the judgment. The Board for Judicial Administration requested this legislation. The best part about this bill is its zero fiscal impact.

Testimony Against: None.

Testified: Representative Lantz, prime sponsor; and Victor Moore, Office of the Administrator for the Courts.

