
Appropriations Committee

SB 6492

Brief Description: Modifying crime victims' compensation provisions.

Sponsors: Senators Costa, Regala, Long, Winsley and Kohl-Welles; by request of Department of Labor & Industries.

Brief Summary of Bill

- Creates a Crime Victims Compensation Trust Fund.
- Requires the Department of Labor and Industries (L&I) to seek a supplemental appropriation if funding is insufficient and establishes payment priorities in the event of insufficient funds.
- Repeals the requirement that the L&I collect interest on third party settlements that crime victims receive from state agencies.

Hearing Date: 2/26/02

Staff: Linda Brooks (786-7153).

Background:

The Crime Victims' Act of 1973 established a Crime Victims' Compensation Program to provide benefits to innocent victims of criminal acts. The Department of Labor and Industries (L&I) administers the Crime Victims' Compensation Program.

Program Funding/Appropriations

The Crime Victims' Compensation Program is funded by state Public Safety and Education Account appropriations, federal grant moneys, deductions from inmates' prison industries wages, and other sources. State Public Safety and Education Account funds account for approximately two-thirds of the total funding. Federal and local sources account for the other third.

Crime victims are entitled to compensation, subject to the limitations under RCW 7.68.015. RCW 7.68.015 requires the L&I to operate the Crime Victims' Compensation Program, "within the appropriations and the conditions and limitations on the appropriations provided

for this program."

If crime victim compensation expenses exceed available funds, the L&I may request a supplemental appropriation. The Legislature may, or may not, fund the supplemental request.

The State Auditor has issued an auditing finding for the Crime Victims' Compensation Program. The audit finding said that the L&I cannot pay invoices for the crime victim services from a prior biennium using funds appropriated for a new biennium.

Interest Assessments on Third Party Settlements

If a person who has received compensation from the crime victims' program later receives a settlement from a third party, the L&I is required to file a lien against the third party settlement to recover benefits paid through the crime victims' program. If the third party involved is a state agency, the department is required to file a lien to recover not only the amount paid as crime victims' compensation benefits but also an additional 8 percent for interest. This 8 percent interest assessment applies only if the third party is a state agency. If the third party is a private citizen, federal agency, or any other entity, there is no additional interest assessment. A recent superior court ruling held that an additional interest assessment that applies only in cases where the third party is a state agency is unconstitutional.

Summary of Bill:

Program Funding/Appropriations

A Crime Victims' Compensation Trust Account is created. All federal and local funds for crime victims' compensation are to be deposited into this trust account as are state Public Safety and Education Account appropriations. This account retains its interest earnings. State, federal, and local funds deposited into the account do not lapse at the end of a biennium.

If crime victim expenses exceed available funds, the L&I is required to deal with funding shortfalls as follows:

- 1) Implement cost containment measures, as long as the measures do not conflict with other statutes; and
- 2) withhold crime victims' compensation payments in the following priority order: Providers, permanent impairment awards, pension benefits, and time loss compensation. (Time loss compensation refers to compensating a victim for lost wages, if the victim has sustained an injury requiring him or her to miss work. Under the priorities listed, compensation for lost wages would be a first priority. In contrast, paying a doctor for medical services provided would be a last priority.)

If payments are withheld as a result of a funding shortfall, the amount of withholding must be a percent reduction and 30 days notice must be provided to affected parties prior to implementing any withholdings.

If withholding is implemented, the L&I is required to request supplemental funding from the Legislature to pay any amounts that have been withheld. If the Legislature provides the

supplemental funds, withheld amounts are to be paid to the affected parties without interest.

Interest Assessments on Third Party Settlements

The provision requiring the department to collect an additional 8 percent interest on any third party settlement that a victim receives from a state agency is repealed.

Appropriation: None.

Fiscal Note: Being revised.

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