

HOUSE BILL REPORT

HB 2193

As Reported by House Committee On:
Civil Rights & Judiciary
Appropriations

Title: An act relating to reauthorizing and expanding the financial fraud and identity theft crimes investigation and prosecution program.

Brief Description: Reauthorizing and expanding the financial fraud and identity theft crimes investigation and prosecution program.

Sponsors: Representatives Kirby, Irwin, Kilduff, Leavitt, Ryu, Ormsby, Wylie, Goodman and Hudgins.

Brief History:

Committee Activity:

Civil Rights & Judiciary: 1/14/20, 1/17/20 [DP];
Appropriations: 1/29/20, 2/3/20 [DP].

Brief Summary of Bill

- Extends the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) until 2025.
- Increases the surcharges dedicated to funding of the Program.

HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

Majority Report: Do pass. Signed by 14 members: Representatives Kilduff, Chair; Thai, Vice Chair; Irwin, Ranking Minority Member; Goodman, Graham, Hansen, Kirby, Klippert, Orwall, Peterson, Rude, Valdez, Walen and Ybarra.

Staff: Edie Adams (786-7180).

Background:

The Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program (Program) within the Department of Commerce was created in 2008 with an original expiration date of July 1, 2015. In 2015 the Legislature extended the Program, which is now

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set to expire on July 1, 2020. The Program consists of two regional financial fraud and identity theft crime task forces: the Central Puget Sound Task Force that includes King, Pierce, and Snohomish counties, and the Spokane County Task Force.

The task forces include representatives of local law enforcement agencies, county prosecutors, the Office of the Attorney General, financial institutions, and other law enforcement entities. The task forces employ law enforcement, investigation, and prosecutorial staff dedicated to investigating and prosecuting financial fraud and identity theft crimes, focusing on complex regional and multijurisdictional cases. Financial fraud and identity theft crimes include those that involve: check fraud, chronic unlawful issuance of bank checks, embezzlement, credit/debit card fraud, identity theft, forgery, counterfeit instruments such as checks or documents, organized counterfeit check rings, and organized identification theft rings.

The Program is funded through surcharges on filings with the Uniform Commercial Code (UCC) program within the Department of Licensing. The UCC program files financing statements and other documents evidencing liens against personal property. The surcharges are \$10 for both paper and electronic filings. Revenues from these surcharges are deposited into the Financial Fraud and Identity Theft Investigation and Prosecution Program Account, which may be used only to support the activities of the task forces and the expenses of the Department of Commerce in administering the Program. These surcharges will expire in 2020.

Summary of Bill:

The expiration date for the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program is extended to July 1, 2025. Surcharges on Uniform Commercial Code program filings with the Department of Licensing are increased from \$10 to \$15 for both paper and electronic filings. These surcharges will expire July 1, 2025.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Financial Fraud and Identity Theft Crimes Prosecution Program (Program) is working well and should be extended. The Legislature has already extended the Program once. The Program is universally accepted and liked by all involved in the investigation and prosecution of financial fraud and identity theft crimes. Financial fraud and identity theft crimes continue to be a rampant problem in Washington, and the state needs to have a

program to provide law enforcement and prosecutors with resources to go after people engaging in these crimes. The cases investigated by the task forces are not simple, straightforward cases that anyone can prosecute. They tackle the prolific offenders and crimes that occur across jurisdictional boundaries. The cases would be very difficult, if not impossible, to pursue without the task forces and the resources, communication, and teamwork that they provide.

The bill extends the Program for another five years, and it also increases the surcharges used to fund the Program. Financial institutions know this is a problem, and they have stepped forward to be a part of the solution. The financial industry believes that the modest fee increase is acceptable because the benefits of the Program outweigh the added cost. All counties benefit, even those not directly funded by the Program.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; Trent House, Washington Bankers Association; Brittany Gregory, Office of the Attorney General; and Patrick Hinds and Shaya Calvo, Greater Puget Sound Financial Fraud and Identity Theft Task Force.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Chopp, Cody, Corry, Dolan, Dye, Fitzgibbon, Hoff, Hudgins, Kilduff, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Springer, Steele, Sullivan, Sutherland, Tarleton, Tharinger and Ybarra.

Staff: Jessica Van Horne (786-7288).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Civil Rights & Judiciary:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Crimes such as financial fraud and identity theft are complex and often multi-jurisdictional. The task forces funded through the financial fraud and identity theft

surcharges provide much-needed assistance to local law enforcement agencies to go after the perpetrators of these crimes, who tend to be sophisticated and work in large groups across multiple jurisdictions. Financial service providers, such as banks and credit unions, are generally the entities paying the surcharges, and support continuing these task forces.

(Opposed) None.

Persons Testifying: Brad Tower, Community Bankers of Washington and United Financial Lobby.

Persons Signed In To Testify But Not Testifying: None.