

HOUSE BILL REPORT

SHB 1858

As Passed Legislature

Title: An act relating to employee check, draft, or warrant cashing by cities and towns.

Brief Description: Authorizing cities and towns to cash employee checks, drafts, and warrants.

Sponsor(s): By House Committee on Local Government (originally sponsored by Representatives Bray, Roland and Haugen).

Brief History:

Reported by House Committee on:
Local Government, March 6, 1991, DPS;
Passed House, March 14, 1991, 86-9;
Amended by Senate;
House concurred;
Passed Legislature, 86-9.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *That Substitute House Bill No. 1858 be substituted therefor, and the substitute bill do pass.*
Signed by 12 members: Representatives Haugen, Chair; Cooper, Vice Chair; Bray; Edmondson; Franklin; Horn; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Nealey; and Wynne.

Staff: Steve Lundin (786-7127).

Background: The state treasurer is authorized to cash state warrants issued to state employees or officers and the personal checks or drafts of state employees and officers. A state employee or officer must produce such identification as the treasurer may require and the check, draft, or warrant must be drawn to the order of cash or the bearer and be payable immediately by the drawee financial institution.

The treasurer may withhold from the official's or employee's payroll warrant the full amount of his or her personal check or draft that had been cashed by the treasurer, if the check

or draft was dishonored by the drawee financial institution when presented for payment and the official or employee has been notified of the dishonor.

Cities and towns have not been granted similar authority to cash checks, drafts, and warrants for city or town employees.

Summary of Bill: Cities and towns are authorized to cash the following financial paper for their employees: (1) payroll checks, drafts, or warrants of the city or town; (2) expense checks, warrants, or drafts of the city or town; and (3) personal checks not exceeding \$200.

A city or town may withhold from the employee's payroll check, draft, or warrant the full amount of a personal check of the employee that was cashed by a city or town, if the check was dishonored by the drawee financial institution when presented for payment and the employee has been notified of the dishonor.

Fiscal Note: Not requested.

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

Testimony For: Some isolated cities want to cash these checks and warrants. Banks are a long ways away.

Testimony Against: None.

Witnesses: Jim Justin, Association of Washington Cities.