
SUBSTITUTE SENATE BILL 5363

State of Washington

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By Senate Committee on Law & Justice (originally sponsored by Senators Thorsness, Rasmussen, Nelson, Newhouse, Hayner, Madsen, A. Smith, Erwin and L. Kreidler; by request of Department of Corrections).

Read first time March 5, 1991.

1 AN ACT Relating to legal financial obligations; amending RCW
2 9.94A.145; adding new sections to chapter 9.94A RCW; creating new
3 sections; prescribing penalties; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** "EARNINGS," "DISPOSABLE EARNINGS," AND
6 "OBLIGEE" DEFINED. As used in this chapter, the term "earnings" means
7 compensation paid or payable for personal services, whether denominated
8 as wages, salary, commission, hours, or otherwise, and notwithstanding
9 any other provision of law making such payments exempt from
10 garnishment, attachment, or other process to satisfy court-ordered
11 legal financial obligations, specifically includes periodic payments
12 pursuant to pension or retirement programs, or insurance policies of
13 any type. Earnings shall specifically include all gain derived from
14 capital, from labor, or from both, not including profit gained through
15 sale or conversion of capital assets. The term "disposable earnings"

1 means that part of the earnings of any individual remaining after the
2 deduction from those earnings of any amount required by law to be
3 withheld. The term "obligee" means the department, party, or entity to
4 whom the legal financial obligation is owed, or the department, party,
5 or entity to whom the right to receive or collect support has been
6 assigned.

7 **Sec. 2.** RCW 9.94A.145 and 1989 c 252 s 3 are each amended to read
8 as follows:

9 (1) Whenever a person is convicted of a felony, the court may order
10 the payment of a legal financial obligation as part of the sentence.
11 The court must on either the judgment and sentence or on a subsequent
12 order to pay, designate the total amount of a legal financial
13 obligation and segregate this amount among the separate assessments
14 made for restitution, costs(~~(+)~~), fines, and other assessments
15 required by law. On the same order, the court is also to set a sum
16 that the offender is required to pay on a monthly basis towards
17 satisfying the legal financial obligation. If the court fails to set
18 the offender monthly payment amount, the department shall set the
19 amount. Upon receipt of an offender's monthly payment, after
20 restitution is satisfied, the county clerk shall distribute the payment
21 proportionally among all other fines, costs, and assessments imposed,
22 unless otherwise ordered by the court.

23 (2) The court may add to the judgment and sentence or subsequent
24 order to pay a statement that a notice of payroll deduction is to be
25 immediately issued. If the court chooses not to order the immediate
26 issuance of a notice of payroll deduction at sentencing, the court
27 shall add to the judgment and sentence or subsequent order to pay a
28 statement that a notice of payroll deduction may be issued or other
29 income-withholding action may be taken, without further notice to the

1 offender if a monthly court-ordered legal financial obligation payment
2 is not paid when due, and an amount equal to or greater than the amount
3 payable for one month is owed.

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

11 (3) All legal financial obligations that are ordered as a result of
12 a conviction for a felony, may also be enforced in the same manner as
13 a judgment in a civil action by the party or entity to whom the legal
14 financial obligation is owed. These obligations may be enforced at any
15 time during the ten-year period following the offender's release from
16 total confinement or within ten years of entry of the judgment and
17 sentence, whichever period is longer. Independent of the department,
18 the party or entity to whom the legal financial obligation is owed
19 shall have the authority to utilize any other remedies available to the
20 party or entity to collect the legal financial obligation.

21 ~~((3))~~ (4) In order to assist the court in setting a monthly sum
22 that the offender must pay during the period of supervision, the
23 offender is required to report to the department for purposes of
24 preparing a recommendation to the court. When reporting, the offender
25 is required, under oath, to truthfully and honestly respond to all
26 questions concerning present, past, and future earning capabilities and
27 the location and nature of all property or financial assets. The
28 offender is further required to bring any and all documents as
29 requested by the department.

1 (~~(4)~~) (5) After completing the investigation, the department
2 shall make a report to the court on the amount of the monthly payment
3 that the offender should be required to make towards a satisfied legal
4 financial obligation.

5 (~~(5)~~) (6) During the period of supervision, the department may
6 make a recommendation to the court that the offender's monthly payment
7 schedule be modified so as to reflect a change in financial
8 circumstances. If the department sets the monthly payment amount, the
9 department may modify the monthly payment amount without the matter
10 being returned to the court. Also, during the period of supervision,
11 the offender may be required at the request of the department to report
12 to the department for the purposes of reviewing the appropriateness of
13 the collection schedule for the legal financial obligation. During this
14 reporting, the offender is required under oath to truthfully and
15 honestly respond to all questions concerning earning capabilities and
16 the location and nature of all property or financial assets. Also, the
17 offender is required to bring any and all documents as requested by the
18 department in order to prepare the collection schedule.

19 (~~(6)~~) (7) After the judgment and sentence or payment order is
20 entered, the department shall for any period of supervision be
21 authorized to collect the legal financial obligation from the offender.
22 Any amount collected by the department shall be remitted daily to the
23 county clerk for the purposes of disbursements. The department is
24 authorized to accept credit cards as payment for a legal financial
25 obligation, and any costs incurred related to accepting credit card
26 payments shall be the responsibility of the offender.

27 (~~(7)~~) (8) The department or any obligee of the legal financial
28 obligation may seek a mandatory wage assignment for the purposes of
29 obtaining satisfaction for the legal financial obligation pursuant to
30 RCW 9.94A.2001.

1 (~~(8)~~) (9) The requirement that the offender pay a monthly sum
2 towards a legal financial obligation constitutes a condition (~~(and term~~
3 ~~of community supervision)~~) or requirement of a sentence and the
4 offender is subject to the penalties as provided in RCW 9.94A.200 for
5 noncompliance.

6 (~~(9)~~) (10) The county clerk shall provide the department with
7 individualized monthly billings for each offender with an unsatisfied
8 legal financial obligation and shall provide the department with
9 (~~written~~) notice of payments by such offenders no less frequently
10 than weekly.

11 NEW SECTION. **Sec. 3.** LEGAL FINANCIAL OBLIGATION--NOTICE OF
12 PAYROLL DEDUCTION--ISSUANCE AND CONTENT. (1) The department may issue a
13 notice of payroll deduction in a criminal action if:

14 (a) The court at sentencing orders its immediate issuance; or

15 (b) The offender is more than thirty days past due in monthly
16 payments in an amount equal to or greater than the amount payable for
17 one month, provided:

18 (i) The judgment and sentence or subsequent order to pay contains
19 a statement that a notice of payroll deduction may be issued without
20 further notice to the offender; or

21 (ii) The department has served a notice on the offender stating
22 such requirements and authorization. Service of such notice shall be
23 made by personal service or any form of mail requiring a return
24 receipt.

25 (2) The notice of payroll deduction is to be in writing and
26 include:

27 (a) The name, social security number, and identifying court case
28 number of the offender/employee;

1 (b) The amount to be deducted from the offender/employee's
2 disposable earnings each month, or alternative amounts and frequencies
3 as may be necessary to facilitate processing of the payroll deduction
4 by the employer;

5 (c) A statement that the total amount withheld on all payroll
6 deduction notices for payment of court-ordered legal financial
7 obligations combined shall not exceed twenty-five percent of the
8 offender/employee's disposable earnings; and

9 (d) The address to which the payments are to be mailed or
10 delivered.

11 (3) An informational copy of the notice of payroll deduction shall
12 be mailed to the offender's last known address by regular mail or shall
13 be personally served.

14 (4) Neither the department nor any agents of the department shall
15 be held liable for actions taken under RCW 9.94A.145 and sections 1 and
16 3 through 11 of this act.

17 NEW SECTION. **Sec. 4.** LEGAL FINANCIAL OBLIGATIONS--NOTICE OF
18 PAYROLL DEDUCTION--AMOUNTS TO BE WITHHELD. (1) The total amount to be
19 withheld from the offender/employee's earnings each month, or from each
20 earnings disbursement, shall not exceed twenty-five percent of the
21 disposable earnings of the offender.

22 (2) If the offender is subject to two or more notices of payroll
23 deduction for payment of a court-ordered legal financial obligation
24 from different obligees, the employer or entity shall, if the nonexempt
25 portion of the offender's earnings is not sufficient to respond fully
26 to all notices of payroll deduction, apportion the offender's nonexempt
27 disposable earnings between or among the various obligees equally.

1 NEW SECTION. **Sec. 5.** LEGAL FINANCIAL OBLIGATIONS--NOTICE OF

2 PAYROLL DEDUCTION--EMPLOYER OR ENTITY RESPONSIBILITIES. (1) An employer
3 or entity upon whom a notice of payroll deduction is served, shall make
4 an answer to the department within twenty days after the date of
5 service. The answer shall confirm compliance and institution of the
6 payroll deduction or explain the circumstances if no payroll deduction
7 is in effect. The answer shall also state whether the offender is
8 employed by or receives earnings from the employer or entity, whether
9 the employer or entity anticipates paying earnings, and the amount of
10 earnings. If the offender is no longer employed, or receiving earnings
11 from the employer or entity, the answer shall state the present
12 employer or entity's name and address, if known.

13 (2) Service of a notice of payroll deduction upon an employer or
14 entity requires an employer or entity to immediately make a mandatory
15 payroll deduction from the offender/employee's unpaid disposable
16 earnings. The employer or entity shall thereafter at each pay period
17 deduct the amount stated in the notice divided by the number of pay
18 periods per month. The employer or entity must remit the proper amounts
19 to the appropriate clerk of the court on each date the
20 offender/employee is due to be paid.

21 (3) The employer or entity may combine amounts withheld from the
22 earnings of more than one employee in a single payment to the clerk of
23 the court, listing separately the amount of the payment that is
24 attributable to each individual employee.

25 (4) The employer or entity may deduct a processing fee from the
26 remainder of the employee's earnings after withholding under the notice
27 of payroll deduction, even if the remainder is exempt under section 11
28 of this act. The processing fee may not exceed:

29 (a) Ten dollars for the first disbursement made by the employer to
30 the clerk of the court; and

1 (b) One dollar for each subsequent disbursement made under the
2 notice of payroll deduction.

3 (5) The notice of payroll deduction shall remain in effect until
4 released by the department or the court enters an order terminating the
5 notice.

6 (6) An employer shall be liable to the obligee for the amount of
7 court-ordered legal financial obligation moneys that should have been
8 withheld from the offender/employee's earnings, if the employer:

9 (a) Fails or refuses, after being served with a notice of payroll
10 deduction, to deduct and promptly remit from unpaid earnings the
11 amounts of money required in the notice; or

12 (b) Fails or refuses to submit an answer to the notice of payroll
13 deduction after being served. In such cases, liability may be
14 established in superior court. Awards in superior court shall include
15 costs, interest under RCW 19.52.020 and 4.56.110, reasonable attorney
16 fees, and staff costs as part of the award.

17 (7) No employer who complies with a notice of payroll deduction
18 under this chapter may be liable to the employee for wrongful
19 withholding.

20 (8) No employer may discipline or discharge an employee or refuse
21 to hire a person by reason of an action authorized in this chapter. If
22 an employer disciplines or discharges an employee or refuses to hire a
23 person in violation of this section, the employee or person shall have
24 a cause of action against the employer. The employer shall be liable
25 for double the amount of lost wages and any other damages suffered as
26 a result of the violation and for costs and reasonable attorney fees,
27 and shall be subject to a civil penalty of not more than two thousand
28 five hundred dollars for each violation. The employer may also be
29 ordered to hire, rehire, or reinstate the aggrieved individual.

1 NEW SECTION. **Sec. 6.** MOTION TO QUASH, MODIFY, OR TERMINATE
2 PAYROLL DEDUCTION--GROUNDS FOR RELIEF. (1) The offender subject to a
3 payroll deduction under this chapter, may file a motion in superior
4 court to quash, modify, or terminate the payroll deduction. The court
5 may grant relief if:

6 (a) It is demonstrated that the payroll deduction causes extreme
7 hardship or substantial injustice; or

8 (b) In cases where the court did not immediately order the issuance
9 of a notice of payroll deduction at sentencing, that a court-ordered
10 legal financial obligation payment was not more than thirty days past
11 due in an amount equal to or greater than the amount payable for one
12 month.

13 (2) Satisfaction by the offender of all past-due payments
14 subsequent to the issuance of the notice of payroll deduction is not
15 grounds to quash, modify, or terminate the notice of payroll deduction.
16 If a notice of payroll deduction has been in operation for twelve
17 consecutive months and the offender's payment towards a court-ordered
18 legal financial obligation is current, upon motion of the offender, the
19 court may order the department to terminate the payroll deduction,
20 unless the department can show good cause as to why the notice of
21 payroll deduction should remain in effect.

22 NEW SECTION. **Sec. 7.** LEGAL FINANCIAL OBLIGATIONS--ORDER TO
23 WITHHOLD AND DELIVER--ISSUE AND CONTENTS. (1) The department may issue
24 to any person or entity an order to withhold and deliver property of
25 any kind, including but not restricted to, earnings that are due,
26 owing, or belonging to the offender, if the department has reason to
27 believe that there is in the possession of such person or entity,
28 property that is due, owing, or belonging to the offender. Such order

1 to withhold and deliver may be issued when a court-ordered legal
2 financial obligation payment is past due:

3 (a) If an offender's judgment and sentence or a subsequent order to
4 pay includes a statement that other income-withholding action under
5 this chapter may be taken without further notice to the offender.

6 (b) If a judgment and sentence or a subsequent order to pay does
7 not include the statement that other income-withholding action under
8 this chapter may be taken without further notice to the offender but
9 the department has served a notice on the offender stating such
10 requirements and authorizations. The service shall have been made by
11 personal service or any form of mail requiring a return receipt.

12 (2) The order to withhold and deliver shall:

13 (a) Include the amount of the court-ordered legal financial
14 obligation;

15 (b) Contain a summary of moneys that may be exempt from the order
16 to withhold and deliver and a summary of the civil liability upon
17 failure to comply with the order; and

18 (c) Be served by personal service or by any form of mail requiring
19 a return receipt.

20 (3) The department shall also, on or before the date of service of
21 the order to withhold and deliver, mail or cause to be mailed by any
22 form of mail requiring a return receipt, a copy of the order to
23 withhold and deliver to the offender at the offender's last known post
24 office address, or, in the alternative, a copy of the order shall be
25 personally served on the offender on or before the date of service of
26 the order or within two days thereafter. The copy of the order shall
27 be mailed or served together with an explanation of the right to
28 petition for judicial review. If the copy is not mailed or served as
29 this section provides, or if any irregularity appears with respect to
30 the mailing or service, the superior court, in its discretion on motion

1 of the offender promptly made and supported by affidavit showing that
2 the offender has suffered substantial injury due to the failure to mail
3 the copy, may set aside the order to withhold and deliver.

4 (4) Neither the department nor any agents of the department shall
5 be held liable for actions taken under RCW 9.94A.145 or sections 1 and
6 3 through 11 of this act.

7 NEW SECTION. **Sec. 8.** LEGAL FINANCIAL OBLIGATIONS--ORDER TO
8 WITHHOLD AND DELIVER--DUTIES OF PERSON OR ENTITY SERVED. (1) A person
9 or entity upon whom service has been made is hereby required to:

10 (a) Answer the order to withhold and deliver within twenty days,
11 exclusive of the day of service, under oath and in writing, and shall
12 make true answers to the matters inquired of in the order; and

13 (b) Provide further and additional answers when requested by the
14 department.

15 (2) Any person or entity in possession of any property that may be
16 subject to the order to withhold and deliver shall:

17 (a)(i) Immediately withhold such property upon receipt of the order
18 to withhold and deliver;

19 (ii) Deliver the property to the appropriate clerk of the court as
20 soon as the twenty-day answer period expires;

21 (iii) Continue to withhold earnings payable to the offender at each
22 succeeding disbursement interval and deliver amounts withheld from
23 earnings to the appropriate clerk of the court within ten days of the
24 date earnings are payable to the offender;

25 (iv) Inform the department of the date the amounts were withheld as
26 requested under this section; or

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

1 (3) Where money is due and owing under any contract of employment,
2 expressed or implied, or is held by any person or entity subject to
3 withdrawal by the offender, the money shall be delivered by remittance
4 payable to the order of the appropriate clerk of the court.

5 (4) Delivery to the appropriate clerk of the court of the money or
6 other property held or claimed shall satisfy the requirement and serve
7 as full acquittance of the order to withhold and deliver.

8 (5) The person or entity required to withhold and deliver the
9 earnings of a debtor under this action may deduct a processing fee from
10 the remainder of the offender's earnings, even if the remainder would
11 otherwise be exempt under section 11 of this act. The processing fee
12 may not exceed:

13 (a) Ten dollars for the first disbursement to the appropriate clerk
14 of the court; and

15 (b) One dollar for each subsequent disbursement.

16 (6) A person or entity shall be liable to the obligee in an amount
17 equal to one hundred percent of the value of the court-ordered legal
18 financial obligation that is the basis of the order to withhold and
19 deliver, or the amount that should have been withheld, whichever amount
20 is less, together with costs, interest, and reasonable attorneys' fees
21 if that person or entity fails or refuses to deliver property under the
22 order.

23 The department is authorized to issue a notice of debt pursuant to
24 and to take appropriate action to collect the debt under this chapter
25 if a judgment has been entered as the result of an action by the court
26 against a person or entity based on a violation of this section.

27 (7) Persons or entities delivering money or property to the
28 appropriate clerk of the court under this chapter shall not be held
29 liable for wrongful delivery.

1 (8) Persons or entities withholding money or property under this
2 chapter shall not be held liable for wrongful withholding.

3 NEW SECTION. **Sec. 9.** LEGAL FINANCIAL OBLIGATIONS--BANKS, SAVINGS
4 AND LOAN ASSOCIATIONS, CREDIT UNIONS--SERVICE ON MAIN OFFICE OR BRANCH,
5 EFFECT--COLLECTION ACTIONS AGAINST COMMUNITY BANK ACCOUNT, RIGHT TO
6 COURT HEARING. An order to withhold and deliver or any other income-
7 withholding action authorized by this chapter may be served on the main
8 office of a bank, savings and loan association, or credit union or on
9 a branch office of the financial institution. Service on the main
10 office shall be effective to attach the deposits of an offender in the
11 financial institution and compensation payable for personal services
12 due the offender from the financial institution. Service on a branch
13 office shall be effective to attach the deposits, accounts, credits, or
14 other personal property of the offender, excluding compensation payable
15 for personal services, in the possession or control of the particular
16 branch served.

17 If the department initiates collection action under this chapter
18 against a community bank account, the offender or the offender's spouse
19 upon service on the department of a timely written application, has the
20 right to a hearing before the court to establish that the funds in the
21 account, or a portion of those funds, were the earnings of the
22 nonobligated spouse, and are exempt from the satisfaction of the court-
23 ordered legal financial obligation of the offender.

24 NEW SECTION. **Sec. 10.** LEGAL FINANCIAL OBLIGATIONS--NOTICE OF
25 DEBT--SERVICE OR MAILING--CONTENTS--ACTION ON, WHEN. (1) The
26 department may issue a notice of debt in order to enforce and collect
27 a court-ordered legal financial obligation debt through either a notice
28 of payroll deduction or an order to withhold and deliver.

1 (2) The notice of debt may be personally served upon the offender
2 or be mailed to the offender at his or her last known address by any
3 form of mail requiring a return receipt, demanding payment within
4 twenty days of the date of receipt.

5 (3) The notice of debt shall include:

6 (a) A statement of the total court-ordered legal financial
7 obligation and the amount to be paid each month.

8 (b) A statement that earnings are subject to a notice of payroll
9 deduction.

10 (c) A statement that earnings or property, or both, are subject to
11 an order to withhold and deliver.

12 (d) A statement that the net proceeds will be applied to the
13 satisfaction of the court-ordered legal financial obligation.

14 (4) Action to collect a court-ordered legal financial obligation by
15 notice of payroll deduction or an order to withhold and deliver shall
16 be lawful after twenty days from the date of service upon the offender
17 or twenty days from the receipt or refusal by the offender of the
18 notice of debt.

19 (5) The notice of debt will take effect only if the offender's
20 monthly court-ordered legal financial obligation payment is not paid
21 when due, and an amount equal to or greater than the amount payable for
22 one month is owed.

23 (6) The department shall not be required to issue or serve the
24 notice of debt in order to enforce and collect a court-ordered legal
25 financial obligation debt through either a notice of payroll deduction
26 or an order to withhold and deliver if either the offender's judgment
27 and sentence or a subsequent order to pay includes a statement that
28 income-withholding action under this chapter may be taken without
29 further notice to the offender.

1 NEW SECTION. **Sec. 11.** LEGAL FINANCIAL OBLIGATIONS--CERTAIN AMOUNT
2 OF EARNINGS EXEMPT FROM NOTICE OF PAYROLL DEDUCTION OR ORDER TO
3 WITHHOLD AND DELIVER. Whenever a notice of payroll deduction or order to
4 withhold and deliver is served upon a person or entity asserting a
5 court-ordered legal financial obligation debt against earnings and
6 there is in the possession of the person or entity any of the earnings,
7 RCW 6.27.150 shall not apply, but seventy-five percent of the
8 disposable earnings shall be exempt and may be disbursed to the
9 offender whether such earnings are paid, or to be paid weekly, monthly,
10 or at other intervals and whether there is due the offender earnings
11 for one week or for a longer period. The notice of payroll deduction
12 or order to withhold and deliver shall continue to operate and require
13 said person or entity to withhold the nonexempt portion of earnings, at
14 each succeeding earnings disbursement interval until the entire amount
15 of the court-ordered legal financial obligation debt has been withheld.

16 NEW SECTION. **Sec. 12.** Captions as used in this act constitute no
17 part of the law.

18 NEW SECTION. **Sec. 13.** Sections 1 and 3 through 11 of this act are
19 each added to chapter 9.94A RCW.

20 NEW SECTION. **Sec. 14.** The code reviser shall codify sections 1
21 and 3 through 11 of this act between RCW 9.94A.200 and 9.94A.2001.

22 NEW SECTION. **Sec. 15.** The provisions of this act are retroactive
23 and apply to any actions commenced but not final before the effective
24 date of this act.

1 NEW SECTION. **Sec. 16.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and shall take
4 effect immediately.