

Multiple Agency Fiscal Note Summary

Bill Number: 5085 S SB	Title: Personal property/exemptions
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Labor and Industries	(1,299,558)	(6,555,538)	(1,299,558)	(6,555,538)	(1,299,558)	(6,555,538)
Employment Security Department	0	(1,440,000)	0	(1,440,000)	0	(1,440,000)
Total \$	(1,299,558)	(7,995,538)	(1,299,558)	(7,995,538)	(1,299,558)	(7,995,538)

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	2,350	.0	0	0	.0	0	0
Department of Social and Health Services	Fiscal note not available								
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$2,350	0.0	\$0	\$0	0.0	\$0	\$0

Estimated Capital Budget Impact

NONE

Analysis of the fiscal impact of SSB 5085 is still being conducted at the Department of Social and Health Services, so this note will be revised again in the first week of March.

Prepared by: Cherie Berthon, OFM	Phone: 360-902-0659	Date Published: Revised
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 29134

FNS029 Multi Agency rollup

Judicial Impact Fiscal Note

Bill Number: 5085 S SB	Title: Personal property/exemptions	Agency: 055-Admin Office of the Courts
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Part I: Estimates



No Fiscal Impact

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

Contact	Phone:	Date: 02/07/2011
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 02/07/2011
Agency Approval: Dirk Marler	Phone: 360-705-5211	Date: 02/07/2011
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/07/2011

Request # -1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This bill increases the dollar value of property exempt from execution, attachment, and garnishment. It is expected to have no fiscal impact on the courts. The substitute bill, section 5, amends RCW 6.27.140 to make a change to the Notice of Garnishment. Updates to forms are considered usual and customary work.

II. B - Cash Receipts Impact

II. C - Expenditures

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Department of Revenue Fiscal Note

Bill Number: 5085 S SB	Title: Personal property/exemptions	Agency: 140-Department of Revenue
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Part I: Estimates

☒ No Fiscal Impact

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/07/2011
Agency Preparation: Gerald Saylor	Phone: 360-534-1517	Date: 02/23/2011
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/23/2011
OFM Review: Heather Matthews	Phone: (360) 902-0543	Date: 02/23/2011

Request # 5085-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This legislation relates to modifying provisions on personal property exempt from execution, attachment, and garnishment.

Section 1 of this bill amends RCW 6.15.010. Changes include raising the exemption limits for personal property for execution, attachment and garnishment for the following to: \$3,500 fur, jewelry, and personal ornaments; \$3,500 for private libraries, including electronic media; \$6,500 for individual and \$13,000 for community household goods, no single item to exceed \$700; \$3,000 for other personal property, no more than \$1,000 in cash or \$1,000 in bank accounts; \$4,000 for individual or \$8,000 for community for motor vehicles; \$20,000 on proceeds on an account of personal bodily injury; \$10,000 for farm equipment; \$10,000 of a professional person's personal property; \$10,000 to any individual's tools and instruments used to carry on his or her trade; and adds tuition units under chapter 28B.95 RCW and contributions to any other qualified tuition program.

Section 2 of this bill amends RCW 6.15.020. Changes, for the purposes of this section, the term "employment benefit plan" to include a custodial account as described in 26 U.S.C. Sec. 403(b), an individual retirement annuity, or a health savings account. A spouse's community property interest in an "employee benefit plan" shall not be terminated or limited under this section.

Section 3 of this bill amends RCW 48.18.430. Changes include raising the exemption limits for: \$3,000 per month for benefits payable to an annuitant for any payment frequency; \$3,000 per month for garnishee execution on wages and salaries; and \$3,000 of income to a judgment creditor.

Section 4 of this bill adds a new section to chapter 2.48 RCW. It requires that the Washington State Bar Association review the monetary thresholds set forth in RCW 6.15.010 and 48.18.430 to determine if they should be modified. The bar association must report to the Legislature with its recommendations by November 1, 2014 and every five years thereafter.

Section 5 of this bill amends RCW 6.27.140. Changes from Sections 1 of this bill for the \$1,000 bank account threshold is to be included on the "Notice of Garnishment and Of Your Rights" form.

This bill has an effective date of 90 days after adjournment.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There is no revenue impact as a result of this legislation.

According to the Department of Revenue Compliance Division, the exemption limitations in RCW 6.15.050(4), states that there are no exemptions on the property described in RCW 6.15.010 for the collection of tax liabilities. Therefore, the changes in the exemption thresholds in this legislation do not impact the Department of Revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 5085 S SB	Title: Personal property/exemptions	Agency: 235-Department of Labor and Industries
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2012	FY 2013	2011-13	2013-15	2015-17
General Fund-State 001-1	(649,779)	(649,779)	(1,299,558)	(1,299,558)	(1,299,558)
Accident Account-Non-Appropriated 608-6	(1,313,995)	(1,313,995)	(2,627,990)	(2,627,990)	(2,627,990)
Medical Aid Account-Non-Appropriated 609-6	(1,313,995)	(1,313,995)	(2,627,990)	(2,627,990)	(2,627,990)
Total \$	(3,277,769)	(3,277,769)	(6,555,538)	(6,555,538)	(6,555,538)

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
Account					
Accident Account-State 608-1	1,175	0	1,175	0	0
Medical Aid Account-State 609-1	1,175	0	1,175	0	0
Total \$	2,350	0	2,350	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:



If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.



If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).



Capital budget impact, complete Part IV.



Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/07/2011
Agency Preparation: Jennifer C Smith	Phone: 360-902-6983	Date: 02/24/2011
Agency Approval: Tamara Jones	Phone: 360-902-6805	Date: 02/24/2011
OFM Review: Matthew Bridges	Phone: (360) 902-0575	Date: 02/28/2011

Request # SSB 5085-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts	2,350		2,350		
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$2,350	\$0	\$2,350	\$0	\$0

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Insurance Services (020)	2,350		2,350		
Total \$	2,350		2,350		

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Part II: Explanation

This bill increases the dollar amount and types of personal property that are exempt from execution, attachment, and garnishment by creditors.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1 raises the exemption limit on the following personal property items:

Item	Original Amount	Proposed Amount
Apparel, jewelry	\$1,000	\$3,500
Private libraries	\$1,500	\$3,500
Household goods	\$2,700	\$6,500 individual/\$13,000 community
Other personal property/cash	\$2,000/\$200 cash	\$3,000/\$1,000 cash
Bank accounts/Stocks	\$200	\$1,000
Motor vehicle	\$2,500	\$4,000 individual/\$8,000 community
Personal injury claims	\$16,150	\$20,000
Farm equipment	\$5,000	\$10,000
Office equipment	\$5,000	\$10,000
Tools and instruments	\$5,000	\$10,000

Section 1 also adds tuition units purchased or other payments made to qualified tuition programs more than two years prior to the date of a bankruptcy to the list of exemptions.

Section 2 expands the definition of employee benefit plan to include custodial accounts, individual retirement annuities, or a health savings account.

Section 3 allows a debtor to retain up to \$3,000 of income received from a fixed annuity.

Section 4 adds a new chapter to RCW 2.48 (State bar act) that requires the Washington State Bar Association to review the monetary threshold amounts in RCW 6.15.010 (Exempt property) and RCW 48.18.430 (Exemption of proceeds, commutation – Annuities.) to determine whether the amounts should be modified. The bar association must report their recommendations to the legislature by November 1, 2014, and every five years thereafter.

Section 5 amends RCW 6.27.140 (Form of returns under RCW 6.27.130) to revise the wording on the garnishment notice from “exempts certain property of your choice (including specified cash or money in a bank account)” to “exempts certain property of your choice (including money in a bank account of up to \$1,000.00)”.

II. B – Cash Receipt Impact

Any person with industrial insurance debts under \$1,000 will be released from the debt because of the increase to the personal property amounts a person can keep or protect. Table 1 below shows outstanding balances that are affected by the change in legislation.

TABLE 1

Program	Outstanding Balance
Claims/Fraud Overpayment/Third Party	\$5,029,700
Industrial Insurance*	\$2,270,272
Contractor Infractions	\$1,856,612

*This is a reflection of Fiscal Year 2011 2nd Quarter Industrial Insurance premiums only.

Labor and Industries (L&I) assumes that 10 percent of outstanding balances for claims and Industrial Insurance are uncollectable, and that 40 percent of debtors will exercise their rights to the new exemption levels in this legislation. We also assume that 30 percent of the Contractor Infraction debts are uncollectable and 50 percent will exercise their rights to the new exemption levels. This will eliminate our ability to levy funds on these debtors.

Table 2 below shows the revenue reduction if we assume equal debts for those who apply the new exemptions and essentially make their debts uncollectable.

TABLE 2

Program	Collectable Outstanding Balance	Revenue Reduction	Fund/Split
Claims/Fraud Overpayment/Third Party Claims	\$5,029,700	\$(1,810,692)	Accident Fund – 50% Medical Aid Fund – 50%
Industrial Insurance Premiums	\$2,270,272	\$(817,298)	Accident Fund – 50% Medical Aid Fund – 50%
Contractor Infractions	\$1,856,612	\$(649,779)	General Fund – 100%

Because debts rotate in and out of the collections process, L&I assumes that an equal balance will come due and be affected by this change each year.

II. C – Expenditures

Contracted programming costs are necessary to modify the Accounts Receivable and Collection system's legal documents to meet the wording requirements of the legislation. It will take 25 contractor hours at a cost of \$94/hour for a total of \$2,350 to make the changes to the system.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5085 S SB	Title: Personal property/exemptions	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2012	FY 2013	2011-13	2013-15	2015-17
Administrative Contingency Account-State 120-1	(122,000)	(122,000)	(244,000)	(244,000)	(244,000)
Unemployment Compensation Account-Non-Appropriated 620-6	(598,000)	(598,000)	(1,196,000)	(1,196,000)	(1,196,000)
Total \$	(720,000)	(720,000)	(1,440,000)	(1,440,000)	(1,440,000)

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

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- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/07/2011
Agency Preparation: Joy Adams	Phone: 360-902-9764	Date: 02/09/2011
Agency Approval: Randi Warick	Phone: 360-902-9423	Date: 02/09/2011
OFM Review: Sandi Triggs	Phone: (360) 902-0553	Date: 02/10/2011

Request # 023-UI-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

ORIGINAL BILL:

This bill amends the dollar limitations of property that can be garnished or attached for debt owed by individuals.

Exemption limit thresholds would be increased for property and annuities. The bill also updates language regarding the exemption of pensions or retirement plans. The personal exemption increase allowed on bank accounts is five times the current amount. The impact would be on the amount that is collected from garnishing bank accounts to recover Unemployment Insurance (UI) overpayments. Annual revenue loss is estimated at \$720,000 to UI Trust Fund and/or Administrative Contingency Fund.

Section 1 amends RCW 6.15.010 setting new thresholds for dollar amounts or property values exempt from being seized from debtors. Since Section 1 of the bill is subject to RCW 6.15.050, ESD assumes that the exemptions and increased thresholds in the bill do not apply to UI taxes under RCW 6.15.050(4); however, the exemptions would apply to UI benefit overpayments.

The exemption that would directly impact benefit overpayment collections is the garnishment of bank accounts. The exemption increased from \$200 to \$1,000.

The bill updates definitions and changes exempt values for several other categories of personal property including personal and household goods, equipment necessary for a trade or profession, and prepaid tuition units or contributions to Section 529 plans. These exemptions do not affect Employment Security Department (ESD).

Section 2 amends RCW 6.15.020 changing exemptions for retirement accounts and does not affect ESD.

Section 3 amends RCW 48.18.430 changing exemptions on annuities and does not affect ESD.

Section 4 adds a new section to RCW 2.48 directing the Washington State Bar Association to review the monetary threshold amounts by November 1, 2014, and every five years thereafter.

SUBSTITUTED BILL:

The substituted bill adds Section 5 which amends RCW 6.27.140 modifying the Notice of Garnishment and Your Rights form and does not affect ESD.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 1 increases the amount of bank accounts exempt from attachment to \$1,000 from the current \$200 exemption.

The Benefit Payment Control unit (BPC) of the ESD issues between 10,000 - 15,000 bank garnishments per month and recovers about \$60,000 per month (\$720,000 per year). Virtually all of the moneys recovered (95-98%) are from individual bank accounts that have \$1,000 or less. Therefore, this increased cash exemption from bank accounts would nearly eliminate recoveries from bank garnishments.

Based on historical experience, about 83 percent of the \$60,000 monthly benefit collections revenue (\$49,800) is returned to the UI trust fund, for an estimated \$597,600 per year. The remaining 17 percent (\$10,200 per month) goes towards penalties and interest (Administrative Contingency Fund), for an estimated yearly reduction of \$122,400 from penalties and interest.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Without this collection tool, BPC would spend more time skip-tracing to find other avenues of enforcing collection action for those instances when the claimants do not pay voluntarily. There are no means to quantify how many skip-tracing steps it would take to locate a claimant's attachable assets as each case is different. Therefore, ESD assumes that BPC staff would spend the same amount of time on each case on different routes to collection instead of garnishment.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

This bill has no impact on capital budget.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

This bill does not require new rulemaking.