

**2007 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 2311                      **STATUS:** A Engrossed  
**SUBJECT:** Eliminates certain court accounts and interest requirements, allows waiver of interest, redirects application of interest on judgments, and declares an emergency.  
**GOVERNMENT UNIT AFFECTED:** Oregon Judicial Department  
**PREPARED BY:** Tim Walker  
**REVIEWED BY:** Robin LaMonte  
**DATE:** March 14, 2007

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	<u>2007-2009</u>	<u>2009-2011</u>
<b>EXPENDITURES:</b> See Comments		

**REVENUES:**  
See Comments

**EFFECTIVE DATE:** On passage.

**GOVERNOR'S BUDGET:** This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** This measure links interest rates charged on criminal judgments to ORS 82.010 (9.0% per annum). The State Court Administrator may waive interest rates in criminal cases in the Supreme Court, the Court of Appeals, the Oregon Tax Court and circuit court if good cause is shown. Municipal court judges and justices of the peace may do likewise. The interest may be waived in its entirety or in part or for a specified period of time. The measure also directs all payments to pay off the principal before the interest itself is paid. Moneys collected in the Supreme Court, Court of Appeals, Oregon Tax Court and circuit courts, as interest, may be applied to the cost of collection and any interest collected in excess of the cost of collection will be deposited in the Criminal Injuries Compensation Account (CICA). Any interest collected in excess of collection costs by municipal or justice courts will be deposited in the general fund of the city or county that operates the court. After January 1, 2012, any interest collected in excess of collection costs will be paid to the person in whose favor the judgment was entered.

The Oregon Judicial Department (OJD) estimates an additional \$442,761 in 2007-09 and \$912,997 in 2009-11 would be deposited in CICA. These estimates are based on the following:

- No civil or juvenile judgments would be included
- Only cases currently with the Department of Revenue (DOR) or private collection firms were analyzed
- Cases that generated payments only through tax offsets were not included. Only cases that generate regular payments were included. Cases that are not generating regular payments will still accrue interest, but were not included in the analysis because the successful collection of the cases may be in doubt.

- Only cases that would have judgments paid off in 2007-09 and 2009-11 were considered since interest payments in excess of collections costs after January 1, 2012 would not be paid to CICA.
- Private collection firms compromise on interest as a tool to incent repayment of debt. OJD anticipates this would happen in 25% of the cases.

This measure would have a positive revenue impact on cities and counties that have municipal or justice of the peace courts. There are no increased or decreased expenditures associated with this bill since these activities are currently the responsibility of the courts and this measure would only redirect moneys from interest into a different account than under current practice.