

ORDINANCE No. 114345

COUNCIL BILL No. 106143

AN ORDINANCE authorizing fees to cover the cost of handling dishonored checks; authorizing waiver of the fee; and creating a new Chapter 3.120 in the Seattle Municipal Code.

Law Department

The City of

Honorable President:

Your Committee on Finance

to which was referred the within Co report that we have considered the

Pass

Vote

Referred:	To:
<u>MAY 11, 1987</u>	<u>TREASURER</u>
Referred:	To:
<u>MAY 11, 1987</u>	<u>FINANCE & PERSONNEL</u>
Referred:	To:
Reported:	Second Reading:
<u>FEB 6 1989</u>	<u>FEB 6 1989</u>
Third Reading:	Signed:
<u>FEB 6 1989</u>	<u>FEB 6 1989</u>
Presented to Mayor:	Approved:
<u>FEB 7 1989</u>	<u>FEB 7 1989</u>
Returned to City Clerk:	Published:
<u>FEB 10 1989</u>	
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:
	<u>OK</u>

The City of Seattle--Legislative Department

Date Reported
and Adopted

REPORT OF COMMITTEE

President:

Committee on

Finance and Personnel

was referred to within Council Bill No.

106143

that we have considered the same and respectfully recommend that the same:

Pass

2/2/09

Vote 8-0

Virginia Galle

Committee Chair

JGB:bjw
4/13/87

#4
C.B. 10643

ORDINANCE 114345

AN ORDINANCE authorizing fees to cover the cost of handling dishonored checks; authorizing waiver of the fee; and creating a new Chapter 3.120 in the Seattle Municipal Code.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is added to Title 3 of the Seattle Municipal Code a new Chapter 3.120, entitled Charges for Dishonored Checks, as follows:

Section 3.120.010. Charge for dishonored checks to City utilities and Municipal Court. The Superintendent of Water and City Light and the Director of Engineering, as director of the solid waste, sewer, and drainage utilities, are authorized to set, charge, and collect a fee from any person making or presenting a check, which is later dishonored, for a payment to the City for the credit of their respective utilities. The Presiding Judges of the Municipal court are authorized to set, charge, and collect a similar fee for payments to the City for the credit of the Municipal Court. The fee shall cover the cost of handling the dishonored check, including bank charges to the City, costs to the City in making collection, and other City expenses caused by its return without payment.

Section 3.120.020. Charge for dishonored check to other departments.

The City Treasurer is authorized to set, charge, and collect a fee from any person making or presenting a check, which is later dishonored, for a payment to the City for the credit of accounts other than its utilities and the Municipal Court. The fee shall cover the cost of handling the

1 dishonored check, including bank charges to the City, costs to
2 the City in making collection, and other City expenses caused
3 by its return without payment.

4 Section 3.120.030. Setting Fees; Accepting Checks.

5 A. The City official, authorized to set the fee, shall
6 hold hearings and follow procedures of the Administrative Code
7 (SMC Ch. 3.02), as now or hereafter amended, in establishing
8 the fee. The fee shall be set at the minimum level, rounded
9 to the next highest dollar, necessary to recover the City's
10 costs of handling dishonored checks.

11 B. The handling fee shall be in addition to interest,
12 collection costs, and attorneys' fees allowed by RCW 62A.3-515
13 or other applicable law.

14 C. A rule may limit the amount and/or number of checks
15 accepted from any person.

16 D. A City official, who collects payment, may decline to
17 accept a check from any person, who has presented a check to
18 the City which was dishonored.

19 Section 3.120.040. Waiver of Fee. A City department
20 head, responsible for collection, may reduce or waive the
21 handling fee for dishonored checks if

- 22 (a) The maker's check is returned on account of an action
23 or omission of the City or an insolvency or default
24 of the bank;
- 25 (b) The death or incompetency of the maker freezes his or
26 her account;
- 27 (c) A stop payment order was made which is justifiable;
- 28 (d) Payment of the fee would cause an individual
financial hardship; the maker is bankrupt or
participating in a reorganization or adjustment of
debts under court supervision; or

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(e) A waiver would assist in settling a bona fide dispute as to the amount due to the City.

A department head, who reduces or waives the handling fee, shall give the City Treasurer notice of the action taken.

A department head may not reduce or waive the handling fee with respect to his or her own checks or a check of his or her immediate family as defined in SMC 4.16.030 D.

Section 3.120.050. Deposit of Fees

Fees for handling dishonored checks shall be deposited to the credit of the account or fund which receives credit for the principal of the check.

(To be used for all Ordinances except Emergency.)

Section 2.... This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 6th day of February, 1989,
and signed by me in open session in authentication of its passage this 6th day of
February, 1989.

[Signature]
President of the City Council.

Approved by me this 10th day of February, 1989.

[Signature]
Mayor.

Filed by me this 10th day of February, 1989.

Attest: *[Signature]*
City Comptroller and City Clerk.

(SEAL)

Published

By *[Signature]*
Deputy Clerk.

PUBLISH DO NOT PUBLISH

CITY ATTORNEY

TO: ~~Virginia~~ Finance and Personnel Committee
FROM: ~~Lloyd~~ Hara
SUBJECT: NSF Check Charges Ordinance

*Council Meeting
Feb. 6
H4*

This ordinance has been proposed in order to provide for the setting and collection of charges for dishonored checks by all City departments. At present, not all City departments have authority to levy and collect charges for dishonored (NSF) checks. City Light, the Water Department and the Department of Construction and Land Use have such authority included in their rate ordinances.

We have discovered that it costs the City Treasurer's Office an average of \$5.23 per NSF check to process it. This includes the \$1.25 now being charged to us by the bank for these return items. It seems reasonable that the City should at least recover it's costs of handling these items. At this time, the utilities and DCLU are charging \$10.00 per item. It is not known if this covers the costs or not.

The proposed ordinance provides for setting these rates based upon the costs involved.

Committee Recommendation: PASS

RECEIVED

JAN 25 1989

VIRGINIA GALLE
SEATTLE CITY COUNCIL MEMBER

City Council Memorandum

TO: Jim Ritch, OMB
FROM: Virginia Galle, Chair
Finance and Personnel Committee
RE: Treasurer's Requests for Legislative Action

Enclosed for your information please find copies of two pieces of legislation which have been requested by the City Treasurer.

1. Codification of Treasurer's Responsibilities. This is a new request which I have agreed to sponsor. (CB 107121)

2. Authorizing Fees for Handling Dishonored Checks. This request was first submitted to the Council in May 1987. It was not acted upon and was transferred to my office when I assumed chairmanship of the Finance and Personnel Committee in February 1988. Before putting it on an agenda I sent a copy to your office for review (Claudia Ellsworth and Bruce Peterson). There seemed to be some potential difficulties with the request, but they were never clarified. The Treasurer has now made a second request for action on this issue. (CB 106143)

It is my intent that the Committee hear these requests in February. Please let me know, in writing, if you have comments on either Bill by January 26.

Thank you.

cc: Lloyd Hara

Thank you.

1/25
Dobbin Faucette
called — DNBC
has no concerns/
comments re
either piece.



City of Seattle

Lloyd F. Hara
City Treasurer

January 4, 1989

TO: The Honorable Virginia Galle, Chair
City Council Finance Committee

FROM: Lloyd F. Hara
City Treasurer

SUBJECT: Ordinance Authorizing Fees for Handling Dishonored Checks

The City of Seattle does not collect a dishonored check charge for all returned checks. Currently, City Light, the Water Department, the Department of Construction and Land Use, License and Consumer Affairs and the Municipal Courts do charge a fee. Other departments do not.

The fees that are charged are set arbitrarily and do not necessarily bear any relationship to the costs involved in effecting collection of the dishonored check. Most departments that do charge have a \$10.00 penalty. We know, based on a late 1987 study, that the Treasurer's cost for each of these items is \$5.23. The total cost of the Treasurer's handling of these checks was \$42,220 in 1987.

The purpose of this ordinance is to provide a mechanism for the annual setting of a standard fee based upon the costs of handling and to set forth rules regarding the authority for the handling of these dishonored checks.

I respectfully request that you provide sponsorship of this ordinance so that the City will have a uniform charge applied to each dishonored check and that the City's costs for handling such checks be recovered.



City of Seattle

Lloyd F. Hara
City Treasurer

MEMORANDUM

DATE: April 28, 1987

TO: Honorable Sam Smith, President
Seattle City Council

FROM: Lloyd F. Hara, City Treasurer

SUBJECT: Ordinance Authorizing Fees to Cover the Cost of Handling Dishonest Checks.

Handwritten signatures and initials, including 'CITY OF SEATTLE' and 'L. HARA'.

REC'D OMB FEB 9 1988

838530

The receipt of dishonored checks has been a continuing problem for the city over the last five years.

In 1982 the city received an average of 50 dishonored checks per week with an average value per check of \$37.00. By the end of 1986 this had grown to an average of 158 dishonored checks per week with an average value per check of \$129.00.

Processing these 158 checks per week has become costly. For instance in 1986 the Treasurer's Office processed 200 dishonored checks at an average cost of \$5.11 per check for a total annual cost of \$42,000 for this office only. This did not include the costs incurred by the individual departments to collect these checks.

City Light, the Combined Utilities and the Department of Construction and Land Use already have authority to levy a charge against dishonored checks. They are currently charging \$10.00 for each one. This covers approximately 65% of all dishonored checks received by the city.

The attached ordinance, if passed will provide the legal authority to charge a dishonored check fee to those departments who do not now have it. In this way they too will be able to recover their costs of collection.

In addition the application of a uniform fee, payed by those who give the City checks which are later dishonored, may act as a discouragement for them to do so.

cc: All City Council Members
lfh/jml

M E M O R A N D U M

April 13, 1987

TO: Hon. Lloyd Hara
City Treasurer

FROM: The Law Department

By: Jorgen Bader 
Assistant City Attorney

RE: Ordinance establishing fees for dishonored checks

Attached find another proposed ordinance authorizing fees to cover the cost of handling dishonored checks. This ordinance takes account of the comments made by the several departments on circulation of our earlier draft ordinance.

1. The utilities and the Municipal Court desired to set their own fees; Section 3.120.010 lets these departments to do so; Section 3.120.020 empowers the City Treasurer set fees for all General Fund departments.

2. Several departments requested that the department responsible for collection of a check have waiver authority. Section 3.120.040 does so and at the same time states the grounds for a waiver more explicitly.

3. Several departments requested that the fee for checks that they collected be deposited into their department funds. Section 3.120.050 makes the fee follow the principal.

Our ordinance makes no mention of the SMC § 3.06.050, as follows:

"The Director of Construction and Land Use shall charge such fees for licenses, permits, inspections, reviews and other services and approvals as may be provided by ordinance."

In our view, the explicit authority granted by this ordinance will take precedence over SMC § 3.06.050 with respect to fees for dishonored checks.

JB:bjw
attach.

STATE OF WASHINGTON - KING COUNTY

12252
City of Seattle, City Clerk

—ss.

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

Ordinance No. 114345

was published on
03/07/89

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on
03/07/89

Notary Public for the State of Washington,
residing in Seattle

City of Seattle ORDINANCE 11348

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A. The City official, authorized to set the fee, shall hold hearings and follow procedures of the Administrative Code (SMC Ch. 3.02), as now or hereafter amended, in establishing the fee. The fee shall be set at the minimum level, rounded to the next highest dollar, necessary to recover the City's costs of handling dishonored checks.

B. The handling fee shall be in addition to interest, collection costs, and attorneys' fees allowed by RCW 52A.3-515 or other applicable law.

C. A rule may limit the amount and/or number of checks accepted from any person.

D. A City official, who collects payment, may decline to accept a check from any person, who has presented a check to the City which was dishonored.

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- (b) The death or incompetency of the maker freezes his or her account;
- (c) A stop payment order was made which is justifiable;
- (d) Payment of the fee would cause an individual financial hardship; the maker is bankrupt or participating in a reorganization or adjustment of debts under court supervision; or
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Passed by the City Council the 6th day of February, 1989, and signed by me in open session in authentication of its passage this 6th day of February, 1989.

SAM SMITH

President of the City Council.

Approved by me this 10th day of February, 1989.

CHARLES ROYER

Mayor.

Filed by me this 10th day of February, 1989.

Attest: NORWARD J. BROOKS,

City Comptroller and City Clerk.

(Seal) By THERESA DUNBAR,

Deputy Clerk.

Publication ordered by NORWARD J. BROOKS, Comptroller and City Clerk.
Date of official publication in Daily Journal of Commerce, Seattle, March 7, 1989.
(12252)