

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3616-06  
Bill No.: HCS for HB 1480  
Subject: Cities, Towns and Villages; Health Care; Law Enforcement Officers and  
Agencies; Retirement - Local Government  
Type: Original  
Date: April 29, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Police Chiefs' and Officers' Annuity and Healthcare	\$7,439,577 to Unknown	\$8,927,492 to Unknown	\$8,927,492 to Unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$7,439,577 to Unknown</b>	<b>\$8,927,492 to Unknown</b>	<b>\$8,927,492 to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** indicated the above-referenced legislation is a substantial proposed change in future plan benefits as defined in Section 105.665(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of Senate and 3) the Joint Committee on Public Employee Retirement as public information for at least five (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

Contributions to the Police Chiefs' and Officers' Annuity and Healthcare fund are generated from increased surcharges stemming from criminal court cases, including traffic law violations.

ASSUMPTION (continued)

Specifically, the legislation provides that a \$7 surcharge will be applied to all criminal court cases, including county and municipal ordinance violations and state criminal and traffic laws violations, including infractions.

The **Office of State Courts Administrator (OSCA)** has identified \$1,091,907 in court fees for cases reporting through their office. There are an additional 500 municipal courts that do not report to OSCA. In order to provide an estimate of possible revenue generated by the proposal, staff identified a similar criminal court fee structure which funds the Department of Public Safety's Peace Officer Standards and Training (POST) program. This program authorizes a \$1 surcharge on all criminal court cases and POST personnel indicated the revenue generated from criminal court cases for this program in 2003 was \$1,275,356. Based on this information, it is estimated that the \$7 surcharge would generate approximately \$8,927,492.

To further verify the information provided by DPS-POST program, JCPER staff surveyed 4 cities of various sizes to estimate the amount of revenue the municipal courts in these cities could generate from the proposed surcharge. The results (with revenues generated from \$7 fee) were as follows:

<u>City/Population</u>	<u>Cases per year</u>	<u>Revenues from \$7 fee*</u>
Sullivan, MO (pop. 6,300)	900 cases/year	\$ 6,300
Columbia, MO (pop. 85,000)	6,100 cases/year	\$ 42,700
Springfield, MO (pop. 152,000)	26,000 cases/year	\$ 182,000
Kansas City, MO (pop. 442,000)	185,000 cases/year	\$1,295,000

\*This revenue does not reflect exceptions to the surcharge included in the proposal.

Officials with the **Office of State Courts Administrator (OSCA)** assume this proposal would impose a \$7.00 surcharge on all criminal cases, including municipal and ordinance violations but excluding cases processed by the Fine Collection Center. This money is to be deposited into the "Police Chiefs' and Officers' Annuity and Healthcare Fund".

Based on FY03 data, OSCA estimates that the fund would receive approximately \$1,910,754. This includes a calculation for the percent of surcharges usually collected in a given case type.

**Oversight** assumes there would be unknown revenue from the \$20 per month contribution from eligible members. **Oversight** also assumes costs would not be incurred until eligible members can start drawing the annuity five years after its creation.

ASSUMPTION (continued)

Officials with the **Local Government Employees' Retirement System, County Employees' Retirement System, State Treasurer's Office, City of Kansas City, Missouri Highway Patrol, Department of Revenue (DOR) and Police Retirement System of Kansas City** assume no fiscal impact to their agencies.

Officials with the **Division of Budget and Planning (BAP)** assume the proposal should not result in additional costs or savings to BAP.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>POLICE CHIEFS' AND OFFICERS' ANNUITY AND HEALTHCARE FUND</b>			

<u>Income</u> - Surcharge Municipal Criminal Court Fees	<u>\$7,439,577 to Unknown</u>	<u>\$8,927,492 to Unknown</u>	<u>\$8,927,492 to Unknown</u>
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<b>ESTIMATED NET EFFECT ON POLICE CHIEFS' AND OFFICERS' ANNUITY AND HEALTHCARE FUND</b>	<u><u>\$7,439,577 to Unknown</u></u>	<u><u>\$8,927,492 to Unknown</u></u>	<u><u>\$8,927,492 to Unknown</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

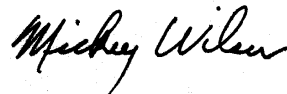
### DESCRIPTION

This bill creates the Police Chiefs' and Officers' Annuity and Healthcare Fund. The annuity will be funded by member contributions of \$20 per month; a \$7 surcharge in all criminal cases, including infractions and ordinances. A six-member board of police officers and police chiefs will oversee the fund; hire an executive director; and contract for the services of an actuary, investment counsel, and accountant. The fund will make monthly payments, of an amount determined by the board, for five years to eligible members. The bill specifies the terms of eligibility and how creditable service is determined. The annuity payments are exempt from state income taxes and any kind of execution, garnishment, or attachment. Eligible members can start drawing the annuity five years after its creation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
City of Kansas City  
Local Government Employees' Retirement System  
County Government Employees' Retirement System  
Office of State Courts Administrator  
Police Retirement System of Kansas City  
State Treasurer's Office  
Missouri Highway Patrol  
Division of Budget and Planning  
Department of Revenue



Mickey Wilson, CPA  
Director

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