

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0704-02
Bill No.: HCS for HB 122
Subject: Cities: Fines, Violations, Schools
Type: Original
Date: March 7, 2007

Bill Summary: Increases the amount of excess revenues generated by fines for moving traffic violations that municipalities must send to the Department of Revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of the Secretary of State - Rules Division** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Office of State Courts Administrator** stated that the increase in the amount of excess revenues generated by fines for moving violations that municipalities must send to the Department of Revenue is indeterminable. Officials stated there would be no fiscal impact on the Courts.

Officials of the **Department of Elementary and Secondary Education** assume no fiscal impact to their department or to schools.

Officials of the **Department of Revenue** stated this proposal would have minimal fiscal impact to the department.

Officials of the **City of Springfield** stated this proposal would not impact their city.

ASSUMPTION (continued)

Officials of the **Office of State Auditor** stated that this bill would annually require the SAO to audit any city, town or village that fails to send excess revenues from traffic violations to the Department of Revenue in a timely fashion.

Officials stated the cost of this requirement is unknown as the number of municipalities that will need to be audited as a result of this provision is also unknown. There are approximately 861 cities, towns and villages in Missouri, so the fiscal impact may be significant, but is unquantifiable. In addition, it is anticipated that additional audits that are required as a result of this bill will require additional FTE at the SAO, which may be significant.

Oversight assumes this proposal would only affect those cities and villages that receives more than 35% of their operating revenue from fines and court costs for traffic violations occurring on state highways, that do not pay revenues from violations in excess of 35% to the DOR in a timely fashion.

Oversight assumes this would not affect a very large number of cities. Oversight assumes if the number of cities that would require annual audits were to reach an unusually large number, the State Auditor could request additional FTE, and other resources through the annual appropriation process.

Oversight will show a loss of revenue to certain cities, and an increase of income to certain school districts via the Department of Revenue. Amounts of excess revenues are indeterminable and will be shown as unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE FUND

<u>Transfer In</u> - To Department of Revenue Of excess revenues from certain cities.	Unknown	Unknown	Unknown
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<u>Transfer Out</u> - To Certain School Districts Excess fine revenues from certain cities.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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CERTAIN CITIES GENERAL FUND

<u>Loss</u> - To Certain Cities			
From change in excess fine laws.	(Unknown)	(Unknown)	(Unknown)
<u>Total Effect</u> to Certain Cities General Fund.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

CERTAIN SCHOOL DISTRICTS

<u>Transfer In</u> - To Certain School Districts			
From Department of Revenue excess fines.	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Total Effect</u> to Certain School District	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

ESTIMATED NET TO LOCAL GOVERNMENT *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*** The total amount of excess fine money paid by certain cities to the DOR would equal the amount paid by the DOR to local school districts which would net zero fiscal impact.**
FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, if a city, town, or village receives more than 45% of its total annual revenue from fines for traffic violations, all revenue from these violations in excess of 45% must be sent to the Department of Revenue. This bill reduces the amount to 35% of the annual general operating revenue, but includes court costs for traffic violations in the amount. Failure to send the excess revenue to the department in a timely manner as determined by the department director results in the city, town, or village being subject to an annual audit by the State Auditor.

DESCRIPTION (continued)

The provisions of this proposal would not be applicable prior to January 1, 2010, for any county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants (currently Jackson County).

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

Office of State Auditor
Office of Secretary of State - Rules Division
Office of State Courts Administrator
Department of Revenue
Department of Elementary and Secondary Education
City of Springfield

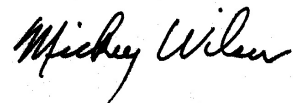
NOT RESPONDING

City Clerks/Managers of:

City of Boonville
City of Bonne Terre
City of Kirksville
City of Louisiana
City of Mexico
City of West Plains
City of Warrensburg
City of Lebanon
City of Poplar Bluff

NOT RESPONDING (continued)

Villages of :
Calverton Park
Freeburg
Innsbrook
Oakview
Pasadena Park
Hillsdale

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 7, 2007