

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3910-01  
Bill No.: HB 1470  
Subject: Cities, Towns, and Villages: Department of Revenue, Traffic Violations, Fines  
Type: Original  
Date: January 29, 2008

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Bill Summary: Revises provisions relating to moving traffic violation revenues.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>Unknown</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
State School Monies	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Office of the State Auditor** assume any costs of this proposal could be absorbed due to permissive language of Section 302.341. Officials assume no fiscal impact.

Officials of the **Office of 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 **Department of Revenue** assume there would be minimal fiscal impact to the department. The department would need to promulgate rules regarding how to administer the program.

Officials of the **Office of State Courts Administrator** assume this proposal would increase the amount of excess revenues generated by fines for moving traffic violations that municipalities must send to the Department of Revenue. Currently, it is any amount in excess of 45% of its total annual general operating budget; the legislation would change that to in excess of 35%.

Officials stated the additional amount of money that would go to the Department of Revenue is unknown. Officials assume no fiscal impact to the Courts.

ASSUMPTION (continued)

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

**Oversight** assumes there is no state cost to the foundation formula associated with this proposal. Although the amendments to current law should result in additional remittance to DOR, it is unknown how much DOR would distribute to schools. To the extent fine revenues exceed 2006-2007 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula. Cities in Jackson County would not be subject to the provisions of subsection 2 of this proposal until 2010.

**Oversight** assumes that as of January, 2007 there were 181 hold harmless school districts; therefore, the full amount of fine collection will not result in an equal savings to General Revenue.

Officials of the **City of West Plains** assume this proposal would not have any impact on their city.

Officials of the **City of Webb City** assume depending on the number of citations issued, cities could have some negative fiscal impact.

Officials of the **City of Centralia** assume no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE FUND</b>			
<b><u>Savings</u></b> - To General Revenue Fund from reduced appropriations to the State School Monies Fund.	\$0	Unknown	Unknown
<b><u>Transfer In</u></b> - To Department of Revenue Excess fine revenue from certain cities.	Unknown	Unknown	Unknown
<b><u>Transfer Out</u></b> - To Certain School Districts Excess fine revenue from certain cities.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO STATE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
<b>STATE SCHOOL MONIES FUND</b>			
<b><u>Savings</u></b> - From lower distribution to certain local school districts from increased fine revenues.	\$0	Unknown	Unknown
<b><u>Loss</u></b> - From smaller transfer in from General Revenue due to increase in fine revenue to certain schools.	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO STATE SCHOOL MONIES FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

**CERTAIN CITIES GENERAL  
REVENUE (FINE REVENUES)**

**Loss** - To Certain Cities  
from reduction in fine revenues to State  
Department of Revenue

(Unknown)

(Unknown)

(Unknown)

**TOTAL EFFECT** - To Certain Cities  
General Revenue Fund

**(Unknown)**

**(Unknown)**

**(Unknown)**

**CERTAIN SCHOOL DISTRICTS**

**Transfer In** - To Certain School Districts  
from excess fine revenue from State  
School Monies Fund.

Unknown

Unknown

Unknown

**Loss of Revenue** - To Certain School  
Districts from reductions in state funds  
for school districts that are not hold  
harmless, due to deduction for fine  
revenue.

\$0

(Unknown)

(Unknown)

**Estimate Net Effect to Certain School  
Districts**

**Unknown**

**\$0**

**\$0**

**ESTIMATED NET EFFECT TO  
LOCAL GOVERNMENT**

**\$0**

**(Unknown)**

**(Unknown)**

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 may result in the city, town, or village being subject to an annual audit by the State Auditor.

The provisions of the bill become effective January 1, 2010, for municipalities in 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

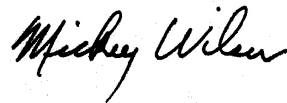
Office of the Secretary of State - Rulemaking  
Office of the State Auditor  
Department of Elementary and Secondary Education  
Department of Revenue  
City of Centralia  
City of Webb City  
City of West Plains

### NOT RESPONDING

City of Boonville  
City of California  
City of Columbia  
City of Florissant  
City of Fulton  
City of Joplin  
City of Knob Noster  
City of Linn  
City of Louisiana

NOT RESPONDING (continued)

City of Maryland Heights  
City of Maryville  
City of Mexico  
City of Neosho  
City of Pacific  
City of Raytown  
City of Republic  
City of Liberty



Mickey Wilson, CPA  
Director  
January 29, 2008