

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0589-03
Bill No.: Perfected HCS for HB 427
Subject: Courts; Crimes and Punishment; Criminal Procedure; Cities, Towns and Villages;
Political Subdivisions
Type: Original
Date: May 1, 2019

Bill Summary: This proposal modifies provisions relating to law enforcement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$118,474)	(\$119,086)	(\$120,470)
Total Estimated Net Effect on General Revenue	(\$118,474)	(\$119,086)	(\$120,470)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Funds	\$162,323	\$194,790	\$194,790
Total Estimated Net Effect on <u>Other</u> State Funds	\$162,323	\$194,790	\$194,790

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	Unknown, greater than \$554,107	Unknown, greater than \$564,930	Unknown, greater than \$564,930

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue** assume the following:

Section 302.341.2

This proposed language removes the entire subsection. "The provisions of subsection 1 of this section shall not apply to minor traffic violations as defined in section 479.350". This removes minor traffic violations and would allow Instate suspensions to be added for all moving traffic offenses regardless of the court type.

Administrative Impact

Driver License Bureau

Currently, the Department processes Instate Failure to Appear (FACT) suspensions from State courts for major and minor traffic violations; and for county and municipal courts for major violations. The Department can process suspensions on minor violations, if the following occur:

1. If the violation occurred in a Commercial Motor Vehicle (CMV);
2. The driver is a Commercial Driver License holder (CDL);
3. The violation occurred in a school or construction zone;
4. If the driver is involved in an accident or accident with injury.

Prior to the passage of Senate Bill 5 in 2015, the Department was able to process FACT suspensions from all courts for both major and minor traffic violations; therefore, the following statistics are available showing the decreased volume of suspensions processed by the law change and the Municipal Court practices revised by the Missouri Supreme Court ruling.

FY 2014:	98,969 FACT suspensions processed by the Department 65,718 FACT compliances processed by the Department
FY 2015:	119,141 FACT suspensions processed by the Department 77,281 FACT compliances processed by the Department
FY 2016:	60,460 FACT suspensions processed by the Department 44,651 FACT compliances processed by the Department
FY 2017:	41,405 FACT suspensions processed by the Department 28,544 FACT compliances processed by the Department

ASSUMPTION (continued)

FY 2018 38,249 FACT suspensions processed by the Department
 27,975 FACT compliances processed by the Department

The suspensions processed decreased from:

FY2015 to FY2016 at 49% ($119,141 - 60,460 = 58,681$, $58,681/119,141 = 49.25\%$)

FY2016 to FY2017 at 32% ($60,460 - 41,405 = 19,055$, $19,055/60,460 = 31.51\%$)

FY2017 to FY2018 at 8% ($41,405 - 38,249 = 3,156$, $3,156/41,405 = 7.62\%$)

The compliances processed decreased from:

FY2015 to FY2016 at 42% ($77,281 - 44,651 = 32,630$, $32,630/77,281 = 42.22\%$)

FY2016 to FY2017 at 36% ($44,651 - 28,544 = 16,107$, $16,107/44,651 = 36.07\%$)

FY2017 to FY2018 at 2% ($28,544 - 27,975 = 569$, $569/28,544 = 1.99\%$)

The Department presumes that suspensions will increase by 97% ($119,141 - 60,460 = 58,681$, $58,681/60,460 = 97.05\%$) and compliances will be increased by 73% ($77,281 - 44,651 = 32,630$, $32,630/44,651 = 73.07\%$).

FY2020: 75,351 FACT suspensions ($38,249 + 37,102$ (97% of 38,249) = 75,351)
 48,397 FACT compliances ($27,975 + 20,422$ (73% of 27,975) = 48,397)

FY2021: 95,351 FACT suspensions ($75,351 + 20,000 = 95,351$)
 60,397 FACT compliances ($48,397 + 12,000 = 60,397$)

FY2022: 115,351 FACT suspensions ($95,351 + 20,000 = 115,351$)
 72,397 FACT compliances ($60,397 + 12,000 = 72,397$)

FTE Requirements

The Driver License Bureau will require additional FTE to process suspensions, compliances, and perform other related processes.

37,102	Additional FACT suspensions received annually
/ 252	Work days per year
147	Additional suspension notices received daily
/ 440	# of documents a RPT I can process daily
0.33	= .33 FTE needed to process additional suspensions

ASSUMPTION (continued)

20,422	Additional FACT compliances received annually
/ 252	Work days per year
81	Additional compliance notices received daily
/ 440	# of documents a RPT I can process daily
0.18	= .18 FTE needed to process additional compliances

Telephone Inquiries

A telephone operator is expected to process 100 telephone inquiries daily.

37,102	Additional FACT Suspension received annually
x 90%	Percent which will generate telephone inquiries
33,392	Additional telephone inquiries received per year
/ 252	Work days per year
133	Additional telephone inquiries received per day
/ 100	# of telephone inquiries processed per day
1.33	= 1.33 FTE needed to answer additional telephone inquiries

Returned Mail

Prior statistics show approximately 33% of suspension notices issued will be returned to DLB undeliverable by the postal authorities due to no current address. This will require data entry by a processing technician and preparation of documents for document imaging post data entry.

37,102	Additional FACT suspensions received annually
x 33%	Percent of notices returned by the post office
12,244	Additional returned mail received annually
/ 252	Work days per year
49	Additional returned mail received daily
/ 440	# of documents a RPT I can process daily
0.11	= .11 FTE needed to process additional returned mail

Written Correspondence

It is estimated that 5% of the suspensions will result in written correspondence to the Department from the individuals receiving the notice. This will require staff to research the issues presented in the correspondence and prepare a written response. A processing technician is expected to research and prepare 30 written responses received daily. It is assumed they can be handled by the FTE estimated below.

ASSUMPTION (continued)

37,102	Additional FACT Suspension received annually
x 5%	Percent which will generate written correspondence
1,855	Additional written correspondence received annually
/ 252	Work days per year
7	Additional written correspondence received daily
/ 30	# of documents a RPT I can process daily
0.23	= .23 FTE needed to process additional written correspondence

Reinstatements

Based on FY17 statistics, the Department estimates that 35% of those individuals who are suspended will submit their reinstatement requirements in order to reinstate their driving privilege. The Department assumes the same rate for this program. A processing technician is expected to process 440 documents daily and another processing technician is expected to process 346 reinstatement fees daily.

Same-day service for Statewide Reinstatements:

37,102	Additional FACT Suspension received annually
x 35%	Percent submitting reinstatement requirements
12,986	Additional reinstatement filings received annually
/ 252	Work days per year
52	Additional reinstatement filings received daily
/ 440	# of documents a RPT I can process daily
0.12	= .12 FTE needed to process additional reinstatements collected.

Reinstatement Fees:

12,986	Additional reinstatement fees received annually
/ 252	Work days per year
52	Additional reinstatement fees received daily
/ 346	# of documents a RPT I can process daily
0.15	= .15 FTE needed to process additional reinstatement fees.

Note: Processing FACT suspensions (.33 FTE), processing FACT compliances (.18 FTE), answering telephone inquiries (1.33 FTE), processing returned mail (.11 FTE), processing written correspondence (.23 FTE), processing reinstatement in field office (.12 FTE), and processing reinstatement fees (.15 FTE) functions equal 2.45 FTE which would be rounded to two (2) FTE.

ASSUMPTION (continued)

Total of 2 Revenue Processing Tech I required at \$24,360 annually.

FY2020: \$20,300 (10 months) x 2 FTEs = \$40,600

FY2021: \$24,604 yearly salary x 2 FTEs = \$49,207

FY2022: \$24,850 yearly salary x 2 FTEs = \$49,699

Increased Postage, Envelope, & Printing Costs

First Class Mail Costs:

Suspension notices = 37,102 per year

Reinstatement notices = 12,852 per year

Correspondence letters = 1,855 per year

Total pieces of mail = 51,809

FY2020: $51,809 / 12 \text{ mos.} = 4,317.4 \times 10 \text{ mos.} = 43,174 \text{ pcs. of mail in the first year after bill passage} \times \$0.50 = \$21,587 \text{ first class postage cost}$

FY2021: $51,809 \times \$0.50 = \$26,552 \text{ first class postage cost (includes inflation)}$

FY2022: $51,809 \times \$0.50 = \$27,216 \text{ first class postage cost (includes inflation)}$

Envelope Costs:

Total envelopes = 51,809 per year

FY2020 $51,809 / 12 \text{ mos.} = 4,317.4 \times 10 \text{ mos.} = 43,174 \text{ envelopes in the first year after bill passage} \times \$0.04 = \$1,727 \text{ envelope cost}$

FY2021: $51,809 \times \$0.04 = \$2,124 \text{ envelope cost (includes inflation)}$

FY2022: $51,809 \times \$0.04 = \$2,177 \text{ envelope cost (includes inflation)}$

Letter printing cost

51,809 letters per year

FY2020: $51,809 / 12 \text{ mos.} = 4,317.4 \times 10 \text{ mos.} = 43,174 \text{ pcs. of mail in the first year after bill passage} \times \$0.076 \text{ per } 1,000 = \$3.00 \text{ (} 43,000 / 1000 = 43 \times \$0.076 = \$3.27 \text{)}$

FY2021: $51,809 \times \$0.04 = \$4.00 \text{ printing cost (} 52,000 / 1000 = 52 \times \$0.076 = \$3.95 \text{) (includes inflation)}$

FY2022: $51,809 \times \$0.04 = \$4.00 \text{ printing cost (} 52,000 / 1000 = 52 \times \$0.076 = \$3.95 \text{) (includes inflation)}$

ASSUMPTION (continued)

Total Postage, Envelope, Printing Costs:

FY2020: \$21,587 (1st class) + \$1,727 (envelopes) + \$3.00 (printing) = \$23,317

FY2021: \$26,552 (1st class) + \$2,124 (envelopes) + \$4.00 (printing) = \$28,650

FY2022: \$27,216 (1st class) + \$2,177 (envelopes) + \$4.00 (printing) = \$29,397

Revenue Impact

DLB

Based on FY18 statistics, the Department estimates that 35% of those individuals who are suspended will submit the reinstatement fee. The Department assumes the same rate for this program. This will result in 12,986 reinstatement fees collected annually.

The reinstatement fee for an Instate Failure to Appear Suspension is \$20.

Total Increase in reinstatement fees collected annually = \$259,720 (12,986 x \$20 reinstatement fee)

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY2020

\$259,720	Increase in reinstatement fees collected annually
/ 12	Number of months in a year
\$ 21,643	Increase in reinstatement fees collected monthly
x 10	Number of months in first year after bill passage
\$216,430	Increase in reinstatement fees collected in first year after bill passage

\$216,430 x 75% = \$162,323 - Highway Fund

\$216,430 x 15% = \$32,464 - Cities

\$216,430 x 10% = \$21,643 - Counties

FY2020

\$259,720 x 75% = \$194,790 - Highway Fund

\$259,720 x 15% = \$38,958 - Cities

\$259,720 x 10% = \$25,972 - Counties

ASSUMPTION (continued)

FY2021

\$259,720 x 75% = \$194,790 - Highway Fund

\$259,720 x 15% = \$38,958 - Cities

\$259,720 x 10% = \$25,972 - Counties

Oversight does not have information to the contrary, so Oversight will reflect the cost and revenue estimates as provided by the Department of Revenue.

Officials at the **City of Kansas City** assume this legislation would have a positive fiscal impact on the City of Kansas City, Missouri, for the following reasons:

1. It sets forth a procedure for suspension of driving privileges by the Department of Revenue if non-minor traffic violations are not disposed of. For some people, the only reason to actually appear and/or pay a ticket is to keep a driver's license from being suspended. Incentive to keep a driver's license equals more fine payments.
2. It changes the definition of minor traffic violations. Excluded from the fine limitations are no insurance tickets, speeding more than 15 miles over the speed limit (as opposed to the 19 miles over currently) and most importantly, original charges that are non-minor traffic violations that are amended to non-moving violations. An example would be a Driving While Suspended charge. If reinstated, our typical amendment is to an improper registration charge. Prior to the restrictions, our recommended fines were \$300 plus costs. After restriction, the City could only charge \$175 plus costs. Every day, our Municipal Court gets requests from attorneys wanting to amend a higher speed charge to defective equipment for larger fines rather than a probation and we cannot oblige due to the restrictions.

In response to a previous version, officials at the **City of Springfield** assumed a positive fiscal impact to the City of more than \$500,000 from this proposal.

Officials at the **City of Excelsior Springs** assume an unknown negative fiscal impact from this proposal.

Officials at the **Office of State Auditor** assume no fiscal impact from this proposal. Any impact can be absorbed through current appropriations.

Officials at the **Office of the State Courts Administrator** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

ASSUMPTION (continued)

Oversight notes that the Office of State Auditor, the Office of the State Courts Administrator and the State Tax Commission each has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to a previous version, officials at the **Monroe County Assessor** assumed no fiscal impact from this proposal.

In response to similar legislation from 2018, SB 553, officials at **Boone County** and the **Callaway County Commission** each assume no fiscal impact to their respective entities from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

House Amendment 1

Oversight notes this amendment changes the title of the bill from relating to “municipal courts” to relating to “law enforcement”. Oversight assumes there will be no fiscal impact from House Amendment 1.

House Amendment 2

Oversight notes this amendment removes the exclusion of a violation for exceeding the speed limit by nineteen miles per hour as a minor traffic violation.

The amendment also removes §479.359 in its entirety, which caps municipal fine revenue and may have an unknown increase in revenue to local governments.

Finally, the amendment adds back in the provision under §479.360.1(3) that defendants are not to be detained in order to coerce payment of fines and costs unless found to be in contempt after strict compliance by the court with the due process procedures mandated by Missouri Supreme Court rule 37.65 or its successor rule.

House Amendment 3

Oversight notes this amendment is identical to HCS for HB 1177 (2019).

In response to HCS for HB 1177 from 2019, officials at the City of St. Louis and the St. Louis City Police Department did not respond to **Oversight’s** request for fiscal impact.

ASSUMPTION (continued)

Oversight assumes this proposal would modify the residency requirement for commissioned and civilian personnel of a municipal police force of a city not within a county. Oversight assumes this proposal would have no fiscal impact on the State or Local Governments as proposed.

Bill as a whole as amended

Officials at the **Department of Revenue** assume only what is addressed above as the impact to the proposal as amended.

Officials at the **State Tax Commission** assume no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost - DOR</u>			
Personal Service	(\$40,600)	(\$49,207)	(\$49,699)
Fringe Benefits	(\$33,391)	(\$40,217)	(\$40,367)
Equipment and Expenses	(\$44,483)	(\$29,662)	(\$30,404)
<u>Total Cost - DOR</u>	<u>(\$118,474)</u>	<u>(\$119,086)</u>	<u>(\$120,470)</u>
FTE Change - DOR p. 3-8	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$118,474)</u>	<u>(\$119,086)</u>	<u>(\$120,470)</u>
Estimated Net FTE Change for General Revenue Fund	2 FTE	2 FTE	2 FTE
HIGHWAY FUNDS			
<u>Revenue - DOR - Reinstatement fees p. 8</u>	<u>\$162,323</u>	<u>\$194,790</u>	<u>\$194,790</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>\$162,323</u>	<u>\$194,790</u>	<u>\$194,790</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenues</u> - Cities - reinstatement fees distribution p. 8	\$32,464	\$38,958	\$38,958
<u>Revenues</u> - Counties - reinstatement fees distribution p. 8	\$21,643	\$25,972	\$25,972
<u>Revenues</u> - City of Kansas City - changes procedures for fine payments p. 9	Unknown	Unknown	Unknown
<u>Revenues</u> - City of Springfield - reversing limitation placed on fine amounts p. 9	Greater than \$500,000	Greater than \$500,000	Greater than \$500,000
<u>Revenues</u> - municipal fine revenue p. 10 (HA2)	Unknown	Unknown	Unknown
<u>Loss</u> - City of Excelsior Springs - fees associated with minor violations p. 9	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown, greater than <u>\$554,107</u>	Unknown, greater than <u>\$564,930</u>	Unknown, greater than <u>\$564,930</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill modifies various provisions regarding municipal courts and fines collected in minor traffic and municipal ordinance violation cases.

The bill repeals provisions stating that failure to appear procedures in moving traffic violation cases, which include driving license suspension, shall not apply to minor traffic violations. This bill repeals a provision prohibiting a municipal judge from serving as a municipal judge in more than five municipalities.

FISCAL DESCRIPTION (continued)

The terms "annual general operating revenue," "minor traffic violation," and "municipal ordinance violation," as applied in provisions regarding the assessment of fines in minor traffic violation and municipal ordinance violation cases, are modified.

The bill repeals a provision prohibiting defendants in minor traffic violation or municipal ordinance violation cases from being placed in confinement for failure to pay a fine unless such nonpayment violates terms of probation or unless due process procedures are followed. This bill specifies that if such defendant fails to appear and the court finds there is not good cause for failing to appear, the current limitations regarding fines and confinement shall not apply. The bill also decreases the maximum amount of the fine a court can assess for minor traffic violations, if combined with court costs, from \$225 to \$150.

Currently, a county or municipality that has a municipal court must submit a financial report to the auditor. This bill provides that a county or municipality meets compliance with this requirement by filing a statement confirming that 20% or less of its general revenue comes from fines, bond forfeitures, and court costs in municipal court cases.

This bill modifies the procedures to be adopted and certified by each municipal court by repealing the procedure of prohibiting the detention of defendants in order to coerce the payment of fines and costs unless such defendant is found to be in contempt after compliance with due process and the procedure stating that the community service alternatives are to be offered at no cost to the defendant.

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

Department of Revenue
City of Kansas City
City of Springfield
City of Excelsior Springs
Office of State Auditor
Office of the State Courts Administrator
State Tax Commission
Monroe County Assessor
Boone County
Callaway County Commission



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May 1, 2019

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