

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 29, 2005

TO: Honorable Jeff Wentworth, Chair, Senate Committee on Jurisprudence

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB978 by Barrientos (Relating to the collection of certain costs, fees, and fines in criminal cases.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB978, Committee Report 1st House, Substituted: a positive impact of \$489,452 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2006 | (\$477,434) |
| 2007 | \$966,886 |
| 2008 | \$1,499,886 |
| 2009 | \$1,901,086 |
| 2010 | \$2,302,686 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain from <i>General Revenue Fund</i> 1 | Probable Revenue Gain from <i>Crime Victims Comp</i> <i>Acct</i> 469 | Probable Revenue Gain from <i>General Revenue- Dedicated Funds,</i> <i>various</i> |
|-------------|--|---|--|---|
| 2006 | (\$1,016,434) | \$539,000 | \$2,315,775 | \$5,280,225 |
| 2007 | (\$1,388,114) | \$2,355,000 | \$10,117,525 | \$23,067,475 |
| 2008 | (\$1,388,114) | \$2,888,000 | \$12,409,650 | \$28,294,350 |
| 2009 | (\$1,403,914) | \$3,305,000 | \$14,201,000 | \$32,378,000 |
| 2010 | (\$1,372,314) | \$3,675,000 | \$15,792,700 | \$36,007,300 |

| Fiscal Year | Probable Revenue Gain from <i>Other Funds, various</i> | Change in Number of State Employees from FY 2005 |
|-------------|--|--|
| 2006 | \$286,000 | 13.0 |
| 2007 | \$1,251,000 | 20.0 |
| 2008 | \$1,534,000 | 20.0 |
| 2009 | \$1,756,000 | 20.0 |
| 2010 | \$1,953,000 | 20.0 |

Revenue from criminal court costs, fees, and fines is deposited into 17 different accounts, including the General Revenue Fund, various General Revenue-Dedicated accounts, and Other Funds.

Fiscal Analysis

The bill would require counties and cities to implement a program to improve the collection of court costs, fees, and fines imposed in criminal cases in accordance with guidelines and a prioritized implementation schedule developed by the Office of Court Administration (OCA). Counties and cities must report at least annually to the OCA and the Comptroller of Public Accounts (CPA) regarding the program. The CPA would determine a collection rate for counties and cities prior to program implementation. The CPA would also audit counties and cities after program implementation and determine compliance with major program components.

SECTION 1 of the bill would have no fiscal impact on the state and would require OCA and the CPA to help local court jurisdictions implement a collection program. To perform this function, both agencies would need additional staffing and operational funding to expand and monitor the collection programs as described in this section of the bill. Duties and requirements described under this section include the CPA developing a methodology for determining the collection rate of counties and municipalities, OCA developing a prioritized implementation schedule, with possible exceptions for those jurisdictions in which they deem it not cost effective to operate a program, and requiring jurisdictions to submit information annually to both agencies. This section would also require the OCA and the CPA to develop a methodology to determine pre-program and post-program collection rates for all jurisdictions. In addition, this section describes the responsibilities of the CPA to perform audits on counties and municipalities as necessary.

The OCA would provide training and consultation for cities and counties implementing programs. OCA estimates that programs would be phased in over a six-year period and this prioritized schedule would result in approximately 70 programs being implemented in the first year and between 100 and 150 each year thereafter.

SECTION 2 would authorize counties and municipalities to keep a percentage of state court costs, fees, and fines as a service fee if they are compliant with the program criteria, which would have no fiscal impact on the state.

SECTION 3 would have no significant fiscal impact on the state and would require local court jurisdictions to forfeit a service fee if found to be out of compliance by the CPA.

SECTION 4 would have no significant fiscal impact on the state and would require the OCA to post program requirements on OCA's website and to identify the first counties and cities to participate in the program by September 1, 2005.

The bill would take effect immediately if the bill receives two-thirds of the vote of members in both houses; otherwise, the bill would take effect September 1, 2005.

Methodology

Revenue and cost estimates were based on data provided by the OCA and the CPA. This data includes information about projected collection programs implemented from fiscal years 2006-2010 as well as the associated costs to staff this function at both agencies. Based on the estimates from the two agencies, 16 of the 17 funds affected would experience a revenue gain. Only the General Revenue Fund (001) would experience a cost; however, this cost would be offset by revenue gains to the fund in all years listed except fiscal year 2006. The CPA estimates a total revenue gain of \$45,212,000 for the 2006-07 biennium.

This estimate assumes OCA would need eight additional full-time equivalents (FTEs) at a cost of \$423,000 for salaries and \$125,800 for related employee benefits in General Revenue Funds each fiscal year. In addition, \$58,000 would be needed for travel costs and \$20,000 for operational costs in General Revenue each fiscal year. One-time expenditures of \$52,920 in General Revenue Funds would be needed for telephone equipment and furniture for fiscal year 2006. Computer equipment and technology costs would include \$19,500 in General Revenue Funds for fiscal year 2006 for eight desktop PCs, six laptops, docking stations, one printer, and network drops.

The CPA estimates that the agency would need 12 additional FTEs at a cost to the General Revenue Fund of \$244,500 for salaries in fiscal year 2006, when five of the new FTEs would be hired, and \$586,800 for the following years, when all 12 FTEs would be employed. For related employee benefits, there would be a cost to the General Revenue Fund of \$72,714 in fiscal year 2006 and \$174,514 in the following years.

The distribution of estimated revenue from collection programs expansion at local court jurisdictions is based on the average percentage of revenue deposited into each of the 17 funds. This average was determined using 2004 actual cash receipts listed in the 2004 Cash Report and 2005 estimates in the 2006-2007 Biennial Revenue Estimate. For revenue estimate purposes, the CPA reviewed the revenue from the state traffic fine, which is deposited to the General Revenue Fund and the General Revenue-Dedicated Account No. 5111, Trauma Facility and EMS. Since this fine has only been in effect for a short period and the available revenue data is not as comprehensive, the CPA reallocated this revenue among the other affected funds.

Technology

Implementation of the bill would result in a total cost of \$35,300 during fiscal years 2006-10. During the initial implementation there would be \$19,500 in technology costs to the state in fiscal year 2006 to equip additional staff at OCA with desktop PCs, laptops, docking stations, one printer, and network drops.

Local Government Impact

Implementing a collection program based on OCA's criteria could help local court jurisdictions improve the collection rate of both state court costs, fees, and fines as well as local ones. Typically, countywide programs participating in OCA's court collection program have improved their collection rates from 56 percent to 72 percent, and municipal courts have improved collection rates from 60 percent to 73 percent.

Local governments would incur costs to implement the program, which would vary depending on the size of the jurisdiction and caseload volume. Costs incurred would include dedicated staff to run the court collection program and related operational expenses; however, it is anticipated that local governments could recoup program costs within the first year provided they are in compliance with program requirements and therefore would experience a positive revenue gain.

Generally, counties and cities may retain 10 percent of the state fee amounts collected as a service fee. Assuming local program costs are no more than 50 percent of the revenue gain, this estimate assumes a net positive fiscal impact of: \$467,833 in fiscal year 2006; \$2,043,944 in fiscal year 2007; \$2,507,000 in fiscal year 2008; \$2,868,889 in fiscal year 2009; and \$3,190,444 in fiscal year 2010. The figures above reflect local revenue gain from state court costs, fees, and fines. By implementing a collection program, these local jurisdictions could also improve the collection of local court costs, fees, and fines that would contribute to a positive revenue gain.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts

LBB Staff: JOB, ZS, DLBa, TB, JJO