

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0055-05
Bill No.: HCS for SCS for SB 45
Subject: Courts; Judges; Appropriations
Type: Original
Date: April 26, 2013

Bill Summary: This proposal creates an exception for the 31st judicial circuit from reimbursing the state for salaries of family court commissioners, and allows circuit courts that reimburse the state for salaries of family court commissioners to charge up to a \$20 surcharge for cases.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 to (\$347,645)	\$0 to (\$421,346)	\$0 to (\$425,559)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$347,645)	\$0 to (\$421,346)	\$0 to (\$425,559)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$417,150 to \$1,386,757	\$500,580 to \$1,668,281	\$500,580 to \$1,672,494

FISCAL ANALYSIS

ASSUMPTION

§§56.807 & 488.026 - \$4 surcharge for Missouri Prosecuting Attorney's and Circuit Attorney's Retirement System:

In response to a similar proposal from this year (HB 169), officials from the **Prosecutor's and Circuit Attorney's Retirement System (PACARS)** stated the changes to section 56.807.5 makes the payments from the general revenues of the respective counties respond to the funded ratio of the assets and liabilities of PACARS, as determined by its actuaries. As such, the amendatory language operates to assure that PACARS is neither over funded nor underfunded. Thus, the system will be able to pay its pension liabilities as provided by law without concern that the funding mechanisms will result in excess funds in the system.

The amendment to sections 56.807.7 and 488.026 respond to the reduction in funding to PACARS which has resulted from the migration of counties to the Fine Collection Center in the recent past. As such, this amending language replaces a revenue stream which had previously guaranteed PACARS' ability to pay its pension liabilities as they arose. Taken together with the amendments to 56.807.5, the fiscal impact of the proposed legislation would secure PACARS' ability to pay its pension obligations as defined by law.

Officials from the **Joint Committee on Public Retirement** state that based on information provided by Office of the State Courts Administrator (CTS) in 2012, provisions included in this proposal would increase the surcharge contribution to PACARS. The estimated revenue as provided by the CTS of the inclusion of the \$4 fee paid to the fine collection center would be approximately \$525,476. Depending on the PACARS annual actuarial valuation and the resulting funded ratio, the county monthly contribution may be adjusted. The current funded ratio of 86% would allow for current monthly contribution levels to increased by 50%.

Officials from the **Office of Prosecution Services** assume the current proposal would not fiscally impact their agency.

Officials from the **Office of the State Courts Administrator** state that based on the data for the past five years, FY 08 through FY 12, they assume that the average is approximately 125,145 fine collection center cases on which this \$4.00 surcharge could be applied. The department anticipates the revenue from a \$4.00 surcharge would be approximately \$500,580 in any given year.

ASSUMPTION (continued)

§487.020 - Family Court Commissioners:

In response to a previous version of this proposal, officials from the **Missouri State Employees Retirement System (MOSERS)** stated family court commissioners are covered under the Judicial Plan. MOSERS assumes the proposal keeps the family court commissioners as state employees; therefore, would not fiscally impact their agency.

Officials from **Office of the State Courts Administrator (CTS)** state the proposal would reduce General Revenue receipts by \$347,310 in FY 2014, \$420,940 in FY 2015, and \$425,149 in FY 2016. Currently, these costs are paid by the state and then reimbursed by the county. However, this proposal states “and in the thirty-first judicial circuit may, in substitution of [a] each family court commissioner currently appointed pursuant to this section whose salary is reimbursable, appoint [one] a family court commissioner whose compensation shall be payable by the state without necessity of reimbursement.” This will result in a costs savings to the county for the above amounts and could; therefore, reduce General Revenue receipts because of the loss of reimbursement from the county.

Currently, there are four Family Court Commissioners in the 31st circuit; however, CTS states for one of them already, Greene County does not reimburse the state. Therefore, with passage of this proposal, Greene County would no longer be required to reimburse the state for three commissioners.

Yearly reimbursable salary for a Family Court Commissioner (3 reimbursed Family Court Commissioners in the 31st judicial circuit):

Annual Salary	\$116,858
Fringe Benefits:	
Social Security (6.200%)	\$ 6,826
Medicare (1.45%)	\$ 1,695
Long-Term Disability (0.495%)	\$ 578
Health Insurance (\$656 / month)	\$ 7,872
Retiree Health	\$ 4,709
Basic Life (0.330%)	\$ 386
Sub-Total	\$138,924
	x 3
Total	<u>\$416,772</u>

ASSUMPTION (continued)

CTS's estimate (\$347,310 in FY 2014, \$420,940 in FY 2015 and \$425,149 in FY 2016) reflects ten months of impact in FY 2014 (effective date of August 28, 2013) and one percent anticipated growth in costs for the next two years.

§488.426 - Allowance of \$20 surcharge:

Officials from the **Office of the State Courts Administrator (CTS)** state the proposed legislation would allow certain circuits (Clay County, Boone and Callaway Counties, St. Louis County, St. Louis City and Greene County) to charge up to a \$20 law library surcharge. The limit is now \$15.

CTS states during the past five years (2008 to 2012) an average of 149,271 civil cases were filed in these counties. If an additional \$5.00 fee was assessed on every case and collections were 100%, the additional income would total approximately \$746,355 in a given year.

<u>Circuit</u>	<u>Civil Cases</u>	<u>Potential additional \$5 library surcharge revenue</u>
Clay County (7 th)	15,611	\$ 78,055
Boone and Callaway Counties (13 th)	11,287	\$ 56,435
St. Louis County (21 st)	69,226	\$346,130
St. Louis City (22 nd)	33,714	\$168,570
Greene County (31 st)	<u>19,433</u>	<u>\$ 97,165</u>
TOTALS	<u>149,271</u>	<u>\$746,355</u>

Oversight assumes the proposal is permissive to the specific circuit courts and allows them to increase their this fee from \$15 to \$20. Oversight assumes not all circuits would choose to increase their fees; therefore, Oversight will range the fiscal impact from the proposal as "Up to \$746,355". Oversight will reflect these additional revenues as potential income to local political subdivisions. Oversight will reflect ten months of potential impact in FY 2014.

The proposal does not change or expand the requirements of the circuit courts or how this additional revenue must be spent. Therefore, for purposes of the fiscal note, Oversight will only reflect the potential additional income that may be realized by specific circuit courts as a result of the proposal.

Officials from **Greene County** did not respond to our request for fiscal impact.

ASSUMPTION (continued)

Oversight will range the impact of the proposal from \$0 to the estimates calculated by CTS, because the proposal states the circuit may substitute a non-reimbursed commissioner for currently reimbursed commissioners.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Loss</u> - potential for the 31 st Circuit to not reimburse the state for three Family Court Commissioners §487.020	\$0 to <u>(\$347,645)</u>	\$0 to <u>(\$421,346)</u>	\$0 to <u>(\$425,559)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to (\$347,645)</u>	<u>\$0 to (\$421,346)</u>	<u>\$0 to (\$425,559)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> -Increase in surcharge for contribution to Prosecuting Attorneys and Circuit Attorneys Retirement System §§56.807 & 488.026	\$417,150	\$500,580	\$500,580
<u>Revenue</u> - potential increase in law library surcharge from \$15 to \$20 in certain circuits. §488.426	Up to \$621,962	Up to \$746,355	Up to \$746,355
<u>Savings</u> - Greene County - potential for the 31 st Circuit to not reimburse the state for Family Court Commissioners §487.020	\$0 to <u>\$347,645</u>	\$0 to <u>\$421,346</u>	\$0 to <u>\$425,559</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$417,150 to \$1,386,757</u>	<u>\$500,580 to \$1,668,281</u>	<u>\$500,580 to \$1,672,494</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§§56.807 & 488.026 - Currently, each county treasurer must transfer a specified sum of money each month to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund for use by the fund. Beginning August 28, 2013, the county contribution must be adjusted in accordance with the following schedule based on the retirement system's actuarial valuation report:

- (1) If the system's funding ratio exceeds 120%, no monthly sum must be transmitted;
- (2) If the system's funding ratio is between 111% to 120%, the monthly sum transmitted must be reduced 50%;
- (3) If the system's funding ratio is between 90% and 110%, the monthly sum transmitted must remain the same;
- (4) If the system's funding ratio is between 80% and 89%, the monthly sum transmitted must be increased 50%; and
- (5) If the system's funding ratio is less than 80%, the monthly sum transmitted must be increased 100%.

Currently, a surcharge of \$4 is assessed and collected in all criminal cases filed in court, including any violation of a county ordinance or any violation of the state's criminal or traffic laws, including infractions. The proposal adds any person who has pled guilty and paid a fine through a fine collection center to the list of those who are to be assessed the surcharge.

§487.020 - Currently, the state must be reimbursed for the salaries of family court commissioners appointed after August 28, 1993. There is an exception for the eleventh judicial circuit which allows one family court commissioner to be compensated by the state without requiring reimbursement. The state-paid commissioner is subject to appropriation. This act creates a similar exception for the thirty-first judicial circuit.

§488.426 - Currently, Jackson County may charge up to a twenty dollar surcharge when a party files a civil court case. All other circuits may charge up to fifteen dollars. This act authorizes circuit courts that reimburse the state for the salaries of family court commissioners to charge up to a twenty dollar surcharge for such cases.

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 State Courts Administrator
Missouri State Employees Retirement System
Joint Committee on Public Retirement
Office of Prosecution Services
Prosecuting Attorney's and Circuit Attorney's Retirement System

Not Responding:
Greene County



Ross Strope
Acting Director
April 26, 2013