

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0647-02
Bill No.: HB 464
Subject: Law Enforcement Officers and Agencies; Counties; County Officials; Department of Corrections; Prisons and Jails
Type: Original
Date: March 25, 2013

Bill Summary: This proposal changes the laws regarding sheriffs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(More than \$248,678)	(More than (\$180,292)	(More than \$181,117)
Total Estimated Net Effect on General Revenue Fund	(More than \$248,678)	(More than \$180,292)	(More than \$181,117)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Sheriff Salary Supplementation*	\$0	\$0	\$0
MODEX	\$426,402	\$511,683	\$511,683
Highway	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$426,402 to Unknown	\$511,683 to Unknown	\$511,683 to Unknown

* Offsetting income and distributions of approximately \$3.3 million annually.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 13 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
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2	2	2

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	More than \$3,184,994	More than \$3,821,993	More than \$3,821,993

FISCAL ANALYSIS

ASSUMPTION

§ 57.280 - \$10 fee for sheriffs for every civil case.

Officials from the **Office of the State Courts Administrator (CTS)** state this section allows sheriffs to receive a fee of ten dollars for every civil case filed in the county. In FY 2012 there were 367,053 civil cases filed, with an anticipated collection percentage of ninety resulting in 331,031 cases. We would anticipate approximately \$3,310,310 in any given year.

Officials from **St. Charles County** state given the outcome of the implementation of the similar Deputy Sheriff Salary Supplementation Fund enacted into law in 2008 (House Bill 2224), if the proposed new fee collected by the Sheriff for every civil case filed in St. Charles County is then confiscated to pay the salaries of sheriffs in other counties of the state, St. Charles County can expect to lose at least 60 percent and as much as 100 percent of the funds collected in St. Charles County.

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal would not fiscally impact their agency.

§§ 143.782 - 143.793 - county incarceration tax refund offsets.

Officials from the **Department of Corrections (DOC)** state this legislation places what could be a financial burden (in terms of personnel time) on the DOC on behalf of counties who have costs associated with housing and providing medical care to incarcerated offenders. This does not appear to be limited to offenders being housed by counties at the request of DOC, but instead to all offenders regardless of any connection to DOC.

The DOC currently reimburses counties for offenders who are sentenced and delivered to the Department for incarceration. The costs for incarceration of offenders who are not delivered to the DOC are borne by the county. This proposed language appears to make no differentiation between the two and turns those county costs into a state debt by running them through the DOC. The county offenders are not in the DOC information management system, so it could be difficult to obtain the information required to verify claims by the county for the offender's debt. It would also be difficult to identify the offender and the county in order to pay claims once tax and lottery proceeds have been collected and provided to the DOC.

Currently, the DOR deposits any money intercepted from offender tax refunds into the Debt Offset Escrow fund. The DOC then transfers the money to the Inmate Revolving Fund.

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ASSUMPTION (continued)

However, in this instance, the DOC may not have appropriation authority to send the money back to the counties as is currently done when we reimburse counties from General Revenue for the cost of offenders who are delivered to the DOC for incarceration. The DOC would need IRF appropriation language to be able to pay the county for costs associated with their offender tax and lottery intercepts.

It appears the DOC would require additional staff to track the non-state offenders, account for the funding, and make payments to the counties. Additional staff time would be required to review claims and deal with disputes and refunds. Although the DOC would be able to retain 10% of the funds collected for the administration of this function, it is unknown if that would offset the actual costs.

The DOC believes the cost of this legislation is “Unknown” exceeding \$100,000.

Officials from the **Office of the State Public Defender** state the addition of the Department of Corrections to the Debt Offset family will no doubt reduce Public Defender Collections. The Department of Revenue has changed their procedures to offset the largest debt first and then the smaller debts. The Public Defender System liens will be significantly smaller than their outstanding debts owed to the counties for jail bills and unpaid medical costs or the Department of Corrections for the costs of incarceration.

Officials from the **Department of Social Services - Family Services Division (FSD)** state under sections 143.781 to 143.788 and section 313.321, FSD collects past-due child support through state income tax refund offset and lottery offset. FSD assumes that, absent a state law change or administrative rule giving offset priority to child support debts, an increase in the number of non-child support debts certified for offset will reduce child support collections. Estimated fiscal impact to FSD is unknown.

§ 221.125 - Obligor's driving license.

Officials from the **Department of Revenue (DOR)** state this section authorizes a court to order the suspension of an obligor's driver license for debt owed to the county in excess of \$2,500. The court will issue a notice to the obligor of its intent to suspend by certified mail or in person. After 60 days, if the obligor has not satisfied the debt owed or entered into a payment plan, the court will issue an order of suspension to the Department of Revenue by certified mail. The Department will suspend the driver license of the obligor effective the date of the order. The license will remain suspended until the Department receives a stay order or termination order from the court. A reinstatement fee of \$20 will be collected for each suspension pursuant to

ASSUMPTION (continued)

existing statute (section 302.304.12).

This will require programming and testing of the Missouri Driver License (MODL) system to:

- Create a new court-ordered driver license suspension, which requires new screens for key entry of the court-ordered notices and creation of suspension letters to be issued to the driver;
- Allow for the suspension to be stayed or terminated upon notice from the court, which requires letters to be generated accordingly; and
- Require a \$20 reinstatement fee to terminate the suspension

This will require revisions to forms, procedures, web site and the Missouri Driver Guide.

DOR assumes the proposal would have the following Administrative Impact;

DOR's Drivers License Bureau (DLB) estimates 2,500 hours of programming at a cost of \$68,707.

There are no statistics available to determine how many court orders will be received by the Department based on this legislation. However, one Revenue Processing Tech I processes 50 court orders per day. The Department assumes that a minimum of one FTE (Revenue Licensing Tech I) will be needed to process court orders received. If the volume of court orders exceeds 50 per day, then additional FTE will be requested through the appropriation process.

Additionally, there are no statistics to determine the volume of telephone calls, correspondence and in-person contacts that may result from the court-ordered suspensions. However, one Revenue Processing Tech I is required to either answer 100 telephone calls per day or process 30 correspondence letters. The Department assumes that a minimum of one FTE will be needed to answer the additional contacts received because of the court-ordered suspensions. If necessary, additional FTE will be requested through the appropriation process.

In summary, DOR assumes a cost of \$170,376 in FY 2014, \$81,323 in FY 2015 and \$82,174 in FY 2016 to administer this part of the proposal.

DOR states existing law (302.304.12) allows for the collection of a \$20 reinstatement fee to reinstate a driver license after a period of suspension. Since there are no statistics to determine how many suspensions will result from this legislation, the increase in reinstatement fees collected cannot be determined. Fees collected will be distributed 75% Highway Funds, 15% Cities, and 10% Counties.

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ASSUMPTION (continued)

§ 221.127 - Obligor's hunting and fishing license.

Officials from the **Missouri Department of Conservation** assume an unknown fiscal impact is likely less than \$100,000. It would require a change in MDC's licensing process and would result in more suspensions of privileges being recommended to and approved by the Conservation Commission.

§ 313.321 - Lottery offset.

Officials from the **Missouri Lottery Commission (LOT)** state this legislation may negatively impact player behavior by allowing offset of lottery prize payouts for debts owed to counties for imprisonment costs and medical services while imprisoned. It will also require IT programming costs and ongoing accounting resources. IT programming is necessary to the Lottery check writing system to accommodate for the new offset category. Staff resources will also be necessary to process the offsets.

Oversight assumes LOT will be able to implement the changes in the proposal with existing resources. Oversight further assumes the potential impact on lottery sales, if any, would be an indirect impact of the bill, and therefore, will not reflect it in the fiscal note.

Officials from the **Department of Social Services - Family Services Division (FSD)** state under sections 143.781 to 143.788 and section 313.321, FSD collects past-due child support through state income tax refund offset and lottery offset. FSD assumes that, absent a state law change or administrative rule giving offset priority to child support debts, an increase in the number of non-child support debts certified for offset will reduce child support collections. Estimated fiscal impact to FSD is unknown.

§ 488.5320 - traffic violations bureau and MODEX.

CTS states this section allows charges for cases disposed of by a traffic violations bureau and distributes the proceeds to MODEX and inmate security funds and creates the MODEX fund. Based on FY2012 data, there were approximately 170,561 traffic cases; one-half of the charges collected shall be forwarded and deposited to the credit of the MODEX fund. It is assumed most counties will establish an inmate security fund. We anticipate the MODEX revenue from the surcharge would be approximately \$511,683 in any given year.

ASSUMPTION (continued)

Bill as a whole:

According to officials from the **Office of the Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS 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.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state they believe they can handle the provisions of this bill under existing appropriations. However, should the department's obligations be greater than anticipated, the department may have to request additional FTE and expenses through the budget process.

Officials from the **Department of Public Safety - Missouri Highway Patrol, Office of Prosecution Services, Department of Health and Senior Services, Department of Social Services - Children's Division, Joint Committee on Administrative Rules, and St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

This proposal will increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Income</u> - Department of Corrections			
Allowed to retain up to 10% of off set proceeds before payments to counties	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Department of Corrections			
§§ 143.782 - 143.793 costs for DOC for county inmates and administrative costs for tax offset	(Unknown - more than \$100,000)	(Unknown - more than \$100,000)	(Unknown - more than \$100,000)
<u>Costs</u> - Department of Revenue			
Personal Service	(\$43,140)	(\$52,286)	(\$52,809)
Fringe Benefits	(\$21,891)	(\$26,533)	(\$26,798)
Expense and Equipment	(\$14,940)	(\$1,473)	(\$1,510)
Programming	(\$68,707)	\$0	\$0
<u>Total Costs</u> - DOR	<u>(\$148,678)</u>	<u>(\$80,292)</u>	<u>(\$81,117)</u>
FTE Change - DOR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(More than <u>\$248,678</u>)	(More than <u>\$180,292</u>)	(More than <u>\$181,117</u>)
Estimated Net FTE Change for the General Revenue Fund	2 FTE	2 FTE	2 FTE
SHERIFF SALARY SUPPLEMENTATION FUND			
<u>Income</u> - counties - from \$10 surcharge on every civil case §57.280			
	<u>\$2,758,592</u>	<u>\$3,310,310</u>	<u>\$3,310,310</u>
<u>Costs</u> - State Treasurer - Disbursements to county sheriffs §57.282			
	<u>(\$2,758,592)</u>	<u>(\$3,310,310)</u>	<u>(\$3,310,310)</u>
ESTIMATED NET EFFECT TO THE SHERIFF SALARY SUPPLEMENTATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
MODEX FUND			
<u>Income</u> - § 488.5320 one-half of \$6 surcharge for infractions processed through the traffic violations bureau	<u>\$426,402</u>	<u>\$511,683</u>	<u>\$511,683</u>
ESTIMATED NET EFFECT TO THE MODEX FUND	<u>\$426,402</u>	<u>\$511,683</u>	<u>\$511,683</u>
HIGHWAY FUNDS			
<u>Income</u> - Department of Revenue \$20 reinstatement fees §221.125	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO HIGHWAY FUNDS	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Sheriffs - § 57.282 - \$10 surcharge for every civil case filed	\$2,758,592	\$3,310,310	\$3,310,310
<u>Income</u> - counties - incarceration costs tax return offsets - from DOC (after 10% fee) §143.793	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> - counties - §488.5320 into the counties' inmate security fund from one-half of \$6 surcharge for infractions processed through the traffic violations bureau	\$426,402	\$511,683	\$511,683
<u>Income</u> - Cities \$20 reinstatement fees §221.125	Unknown	Unknown	Unknown
<u>Income</u> - Counties \$20 reinstatement fees §221.125	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	More than <u>\$3,184,994</u>	More than <u>\$3,821,993</u>	More than <u>\$3,821,993</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 changes the laws regarding sheriffs. In its main provisions, the bill:

- (1) Specifies that no person will be eligible for the office of sheriff unless he or she holds a valid peace officer license under Chapter 590, RSMo. The bill requires any person filing for the office to have the license at the time of filing. This provision does not apply to the sheriffs of St. Louis County or St. Louis City (Section 57.010);
- (2) Allows the sheriff of any county, regardless of classification, to employ an attorney to aid and advise in the discharge of his or her duties and to represent him or her in court (Section 57.104);
- (3) Requires a sheriff to receive a fee of \$10 for every civil case filed in the county to be collected at the time of filing by the court clerk as court costs. The fee collected will be sent to the State Treasurer to be deposited into the newly-created Sheriff Salary Supplementation Fund. The money in the fund will be administered by the Peace Office Standards and Training Commission and is to be used solely to supplement the salaries and employee benefits of county sheriffs (Sections 57.280 and 57.282);
- (4) Specifies the annual salary paid to any sheriff by the county commission and any supplemental funds received from the Sheriff Salary Supplementation Fund must total an amount no less than 70% of the compensation of a full-time county prosecuting attorney, but cannot exceed the prosecuting attorney's compensation amount. If the sheriff is in a first class county or St. Louis City, then the total must be an amount no less than 90% of the amount of compensation of a full-time county prosecuting attorney, but cannot exceed the prosecuting attorney's compensation amount (Section 57.317);
- (5) Allows any county that has incurred costs to support a person or paid for the medical services of a person in jail who has failed to pay for the support or medical service for a period greater than 90 days to submit a claim to the Director of the Department of Corrections for the unpaid costs of the support or service. The bill requires the director to review all claims submitted and, if it has merit, he or she may certify the debt to the Department of Revenue to set off any income tax refund and lottery prize payouts the debtor may receive. The bill revises the definition of "debt" as used in the debt set off provisions in Sections 143.782 to 143.788, to include any claim for unpaid costs of imprisonment or unpaid medical services rendered while imprisoned that is being enforced by the Department of Corrections on behalf of a county under these provisions (Sections 143.782, 143.793, and 313.321);

FISCAL DESCRIPTION (continued)

(6) Allows the sheriff to establish and operate a canteen or commissary in the county jail for the use and benefit of the prisoners. The revenues received from the canteen or commissary are to be kept in a separate account and must be used to acquire the goods sold and other minimum expenses of operation, with any excess moneys remaining to be deposited into the Inmate Prisoner Detainee Security Fund (Section 221.102);

(7) Requires that all moneys received by a county or St. Louis City from the state for the cost of incarcerating prisoners in county jails to be paid to the county and credited to the budgeted operational cost of the county jail (Section 221.105);

(8) Allows a court to issue an order suspending a person's business, professional, or occupation license, including a person's law, hunting, and fishing license when the person owes the county more than \$2,500 for the cost of imprisonment or medical services incurred while he or she was imprisoned. The bill specifies the required notice of intent to suspend and the suspension hearing procedure. Upon receiving a court order suspending a license, a licensing authority must determine whether the authority has issued a license to the person whose name appears on the order, enter the suspension as effective from the date on the order, issue the notice of the suspension to the person, and, if required by law, to demand the surrender of the suspended license. The court order must be implemented by the licensing authority and continue until the court advises that the suspension has been stayed or terminated. Any person whose license is suspended by these provisions who continues to engage in the business, occupation, profession, or other licensed activity will be guilty of a class A misdemeanor. Once the court determines that a debt has been paid in full, the court must terminate the order suspending the license and notify both the licensing authority and the person whose license had been suspended (Sections 221.123-221.127); and

(9) Allows sheriffs, county marshals, or other officers to charge for their services rendered in cases disposed of by a traffic violation bureau. The charges from the traffic violation bureau cases are to be distributed with one-half deposited into the newly-created Missouri Data Exchange (MODEX) Fund, for the operational cost of the MODEX system, and one-half deposited into the Inmate Prisoner Detainee Security Fund of the county or municipality for which the citation originated, if the fund has been established. The MODEX Fund will be administered by the Peace Officers Standard and Training Commission and can only be used for the operational support and expansion of the MODEX system (Section 488.5320).

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 Public Safety
Office of the State Courts Administrator
Department of Social Services
Missouri Lottery Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Public Defender
Office of Prosecution Services
Missouri Department of Conservation
St. Charles County
St. Louis County



Ross Strope
Acting Director
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