

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 2960-01
BILL NO. HJR 44
SUBJECT: Constitutional Amendments: Criminal Forfeiture
TYPE: Original
DATE: February 8, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$43,800)	\$0	\$0
State School Moneys	\$0	\$0	\$0
School Building Revolving	\$0	(Unknown)	(Unknown)
State Forfeiture	\$0	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	(Unknown) to Unknown	(Unknown) to Unknown

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of State Courts Administrator** assumed that this proposal would not result in any appreciable impact on the workload or budget of the judiciary.

Officials of the **Missouri State Water Patrol** assumed the fiscal impact was unknown because the amount of money they receive through the federal program varies from year to year.

Officials of the **Missouri State Highway Patrol (MHP)** stated that the fiscal effect of the proposal on their agency would not be determined until enabling legislation for the proposal would pass. (For FY 1999, MHP was appropriated \$1,102,053 from the drug forfeiture fund. FY 2000 appropriations were \$2,568,845 from the General Revenue Fund from federal forfeiture sources deposited into the General Revenue Fund.) This money represented seizures made by MHP. This proposal would not guarantee that a percentage of the funds from the newly created state forfeiture fund be given to the seizing agency.

Officials of the **Department of Elementary and Secondary Education (DES)** assumed the proposal could result in a decrease of up to \$200,000 in the School Building Revolving Fund, and a related income of \$100,000 to the State Schools Moneys Fund and \$100,000 to the State Forfeiture Fund. Currently, fine and forfeiture revenues are combined for reporting purposes to the state, and there is no way to accurately determine what amount would be attributable to forfeitures only. They stated that if the constitutional amendment would pass, the language would eliminate automatic funding for the School Building Revolving Fund. With no money in that Fund, districts would be unable to enter into lease purchase agreements with the state to borrow from that Fund to build buildings. The School Building Revolving Fund has the potential to provide building funds to districts unable to secure the funds locally. **Oversight** has included income from forfeitures and a transfer to school districts in the State School Moneys Fund.

Oversight assumes all future forfeitures would be deposited evenly into the State School Moneys Fund and the State Forfeiture Fund. The amount deposited into these funds may be greater or less than the amount currently deposited into the Drug Forfeiture Fund and the School Building Revolving Fund. Proceeds to these funds may be greater, because forfeitures made by local law enforcement agencies would now be directed into these funds; whereas in the past, they were kept by the local law enforcement agencies. In addition, when a federal agency is involved in a forfeiture, it keeps a portion (usually at least 20%) of the amount of property seized, and distributes the rest to the law enforcement agency or agencies involved. Without this retention by the federal agency and law enforcement agencies, the State Forfeiture Fund and the State

ASSUMPTION (continued)

School Moneys Fund would, in theory, receive an additional percentage of forfeitures.

However, Oversight also notes that federal laws allow seizures and forfeitures in cases where state law would not allow seizure and forfeiture. In these instances, state and local law enforcement agencies currently receive a portion of the forfeiture proceeds, and without the possibility of using the Federal Equitable Sharing program, the State Forfeiture Fund and the State School Moneys Fund may not be able to receive all the forfeiture money that is currently being received.

In addition, this proposal does not allow local law enforcement agencies to receive a share of forfeiture proceeds. Currently, several local law enforcement agencies receive money under the Federal Equitable Sharing Agreement, some have received up to \$1,000,000 a year. Oversight assumes this proposal would result in an **unknown** loss of revenue to local law enforcement agencies, as that money would instead be deposited into the State Forfeiture Fund.

Oversight assumes this proposal would require the Secretary of State's Office to certify the proposal to local election authorities for inclusion on the November 2000 general election ballot and to publish full text of the proposal in selected newspapers throughout the state. Costs are estimated at \$1,460 per inch, for 3 printings, or \$4,380 per newspaper column inch. The Secretary of State estimated 10 column inches would be needed for the publications at a total cost of \$43,800.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Cost - Secretary of State</u>			
Newspaper advertisements	(\$43,800)	\$0	\$0

ESTIMATED NET EFFECT ON			
GENERAL REVENUE FUND	(\$43,800)	\$0	\$0

STATE SCHOOL MONEYS FUND

Department of Elementary and Secondary Education

<u>Income - Fifty percent of forfeitures</u>	\$0	Unknown	Unknown
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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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Cost - Transfer to school districts \$0 (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON
 STATE SCHOOL MONEYS FUND** \$0 \$0 \$0

SCHOOL BUILDING REVOLVING FUND

Department of Elementary and Secondary Education
Loss - Forfeitures \$0 (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON SCHOOL
 BUILDING REVOLVING FUND*** \$0 (Unknown) (Unknown)

***Amounts contributed to the School Building Revolving Fund were approximately \$200,000 in FY 1999. Amounts of forfeiture income would vary from year to year.**

STATE FORFEITURE FUND

Income
 Fifty percent of forfeitures _____ \$0 _____ Unknown Unknown

**ESTIMATED NET EFFECT ON
 STATE FORFEITURE FUND** \$0 Unknown Unknown

FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003

SCHOOL DISTRICTS

Income
 Distributions from State School Moneys Fund \$0 Unknown Unknown

**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICTS** \$0 Unknown Unknown

FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003

LAW ENFORCEMENT AGENCIES

Loss of forfeiture proceeds \$0 (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON LOCAL
LAW ENFORCEMENT AGENCIES** **\$0 (Unknown) (Unknown)**

FISCAL IMPACT - Small Business

No direct fiscal effect on small businesses would be expected due to this proposal.

DESCRIPTION

This proposal would distribute 50% of the net proceeds from criminal forfeitures to the state school moneys fund and 50% to a state forfeiture fund.

The general assembly would enforce the proposal with appropriate legislation.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal could affect Total State Revenues.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of State Courts Administrator
Department of Public Safety
 Missouri State Highway Patrol
 Missouri State Water Patrol
 Missouri National Guard
Secretary of State



Jeanne Jarrett, CPA
Director
February 8, 2000