

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0519-01
Bill No.: SB 141
Subject: Motor Vehicles; Roads and Highways; Revenue Department; Political Subdivisions
Type: Original
Date: February 12, 2013

Bill Summary: This proposal requires political subdivisions receiving more than 20% (currently 35%) of their annual general operating revenues from traffic fines to send revenue in excess of such threshold to the state school system.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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 7 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	\$0 or Unknown less than \$100,000	\$0 or Unknown less than \$100,000	\$0 or Unknown less than \$100,000

FISCAL ANALYSIS

ASSUMPTION

§ 302.341 - Revenue from Traffic Violations:

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year.

DESE assumes the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless districts, in which case the districts will not see a decrease in the amount of funding received through the formula.

DESE assumes any increase in fine money distributed to the hold-harmless districts will simply be additional funding to the district. An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Oversight assumes any decrease in foundation formula funds to local school districts resulting from this proposal would be distributed through the formula to other school districts resulting in no savings to the foundation formula or other state funds.

Officials from the **Special School District** assume an unknown but minimal positive impact on the district which currently receives approximately \$30,000 in fines and forfeitures per year.

Officials from the **Parkway School District** assume this proposal would result in unknown additional revenue to the district.

Officials from the **City of Kansas City** assume the city will incur costs of approximately \$25 per year in reporting the additional information on traffic violation revenue from this proposal to be included on the Comprehensive Annual Financial Report submitted to the State Auditor.

Oversight assumes the City of Kansas City can absorb any potential costs arising from this proposal.

ASSUMPTION (continued)

Officials from the **Springfield Police Department** state their current general revenue fund is around \$70 million, 20% of annual operating revenue is \$14 million. Revenue from moving traffic violations is approximately \$1 million per year. The department assumes this proposal would have no fiscal impact on the City of Springfield.

Oversight assumes any additional funding from this proposal on an affected school district would be offset by an equal decrease in funding received through the foundation formula unless the affected school district is a hold harmless district.

Oversight assumes any hold harmless school district may receive an unknown but minimal increase in funding if the political subdivision in which it is located receives more than 20% of their annual operating revenues from traffic fines.

Oversight has no way of knowing how many political subdivisions receive more than 20% of their annual general operating revenues from traffic fines and have a hold harmless school district, for the purpose of the fiscal note, **Oversight** will assume no impact or a positive unknown less than \$100,000 to local hold harmless school districts.

Officials from the **City of Columbia** and **Missouri State Highway Patrol** each assume the proposal would not fiscally impact their respective agencies.

In response to similar legislation from 2013 (HB 84), officials from the **Department of Revenue** assumed the proposal would not fiscally impact their agency.

Officials from numerous cities, school districts, and local police departments did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
---	---------------------	---------	---------

HOLD HARMLESS LOCAL SCHOOL DISTRICTS

<u>Revenue - Hold Harmless Schools</u> § 302.341 - Excess traffic fines	\$0 or Unknown less than <u>\$100,000</u>	\$0 or Unknown less than <u>\$100,000</u>	\$0 or Unknown less than <u>\$100,000</u>
--	---	---	---

ESTIMATED NET EFFECT ON HOLD HARMLESS LOCAL SCHOOL DISTRICTS	\$0 or Unknown less than <u>\$100,000</u>	\$0 or Unknown less than <u>\$100,000</u>	\$0 or Unknown less than <u>\$100,000</u>
---	--	--	--

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal modifies the law commonly referred to as "Macks Creek Law". Under current law, if a city, town, or village receives more than 35% of its annual general operating revenue from traffic fines and court costs for traffic violations occurring on state highways within its jurisdiction, all revenues in excess of the 35% threshold must be sent to the Department of Revenue to be distributed annually to the schools of the county in the same manner other penalty proceeds are distributed. This proposal modifies the "Macks Creek law" by expanding its application to counties.

FISCAL DESCRIPTION (continued)

The proposal further removes the qualification that the traffic violation revenue limitation only apply to violations occurring on state highways. The proposal makes the revenue limitation applicable to all traffic violations occurring within the described political subdivisions regardless of highway type. The proposal makes the law applicable to amended charges from any traffic violation and lowers the 35% threshold to 20%.

In addition, the proposal requires political subdivisions to include an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations within the Comprehensive Annual Financial Report that it submits to the State Auditor. Any political subdivision that fails to make an accurate or timely report, or fails to send in excess revenues from traffic violations to the Department of Revenue shall lose jurisdiction on traffic-related charges until it comes into compliance with the law.

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 Elementary and Secondary Education
Department of Revenue
Special School District
Parkway School District
City of Kansas City
Springfield Police Department
Missouri State Highway Patrol
City of Columbia

Not Responding:

Numerous School Districts
Numerous Cities
Numerous Local Police Departments



Ross Strope

L.R. No. 0519-01
Bill No. SB 141
Page 7 of 7
February 12, 2013

Acting Director
February 12, 2013

KB:LR:OD