

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5121-01  
Bill No.: SB 553  
Subject: Courts; State Auditor; Criminal Procedure; Crimes and Punishment; Judges;  
 Political Subdivisions; Counties; Cities, Towns and Villages  
Type: Original  
Date: January 26, 2018

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Bill Summary: This proposal modifies various provisions relating to municipal courts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$135,340)	(\$159,688)	(\$161,434)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$135,340)</b>	<b>(\$159,688)</b>	<b>(\$161,434)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Highway Funds	\$173,903	\$208,680	\$208,680
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$173,903</b>	<b>\$208,680</b>	<b>\$208,680</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 13 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>Unknown, greater than \$357,968</b>	<b>Unknown, greater than \$369,560</b>	<b>Unknown, greater than \$369,560</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Revenue** assume the following:

#### Section 302.341.2

This proposed language removes the entire section. "The provisions of subsection 1 of this section shall not apply to minor traffic violations as defined in section 479.350.1". This removes minor traffic violations and would allow Instate suspensions to be added for all moving traffic offenses regardless of the court type.

### Administrative Impact

#### Driver License Bureau

Currently, the Department processes Instate Failure to Appear (FACT) suspensions from State courts for major and minor traffic violations; and for county and municipal courts for major violations. The Department can process suspensions on minor violations, if the following occur:

1. If the violation occurred in a Commercial Motor Vehicle (CMV);
2. The driver is a Commercial Driver License holder (CDL);
3. The violation occurred in a school or construction zone;
4. If the driver is involved in an accident or accident with injury.

Prior to the passage of Senate Bill 5 in 2015, the Department was able to process FACT suspensions from all courts for both major and minor traffic violations; therefore, the following statistics are available showing the decreased volume of suspensions processed by the law change and the Municipal Court practices revised by the Missouri Supreme Court ruling.

FY 2014:	98,969 FACT suspensions processed by the Department 65,718 FACT compliances processed by the Department
FY 2015:	119,141 FACT suspensions processed by the Department 77,281 FACT compliances processed by the Department
FY 2016:	60,460 FACT suspensions processed by the Department 44,651 FACT compliances processed by the Department
FY 2017:	41,405 FACT suspensions processed by the Department 28,544 FACT compliances processed by the Department

ASSUMPTION (continued)

The suspensions processed decreased from FY2015 to FY2016 at 49% ( $119,141/60,460 = 49.25\%$ ). FY2016 to FY2017 decreased by 32% ( $60,460/41,405 = 31.51\%$ ).

The compliances processed decreased from FY2015 to FY2016 at 42% ( $77,281/44,651 = 42.22\%$ ). FY2016 to FY2017 decreased by 36% ( $44,651/28,544 = 36.07\%$ ).

The Department presumes that suspensions will increase by 96% ( $60,460/119,141$ ) and compliances will be increase by 73% ( $44,651/77,281 = 73.07\%$ ).

FY2019:            81,154 FACT suspensions ( $41,405 + 39,749$  (96% of 41,405) = 81,154)  
                      49,381 FACT compliances ( $28,544 + 20,837$  (73% of 28,544) = 49,381)

FY2020:            101,154 FACT suspensions ( $81,154 + 20,000 = 101,154$ )  
                      61,381 FACT compliances ( $49,381 + 12,000 = 61,381$ )

FY2021:            121,154 FACT suspensions ( $101,154 + 20,000 = 121,154$ )  
                      73,381 FACT compliances ( $61,381 + 12,000 = 73,381$ )

FTE Requirements

The Driver License Bureau will require additional FTE's to process suspensions, compliances, and perform other related processes.

39,749            Additional FACT suspensions received annually  
/ 252            Work days per year  
   158            Additional suspension notices received daily  
/ 440            # of documents a RPT I can process daily  
   0.36            = .36 FTE needed to process additional suspensions

20,837            Additional FACT compliances received annually  
/ 252            Work days per year  
   83            Additional compliance notices received daily  
/ 440            # of documents a RPT I can process daily  
   0.19            = .19 FTE needed to process additional suspension

ASSUMPTION (continued)

Telephone Inquiries

A telephone operator is expected to process 100 telephone inquiries daily.

39,749	Additional FACT Suspension received annually
x 90%	Percent which will generate telephone inquiries
35,774	Telephone inquiries received per year
/ 252	work days per year
141	Telephone inquiries received per day
/ 100	Telephone inquiries processed per day
1.42	= 1.42 FTE needed to answer telephone inquiries

Returned Mail

Prior statistics show approximately 33% of suspension notices issued will be returned to DLB undeliverable by the postal authorities due to no current address. This will require data entry by a processing technician and preparation of documents for document imaging post data entry.

39,749	Additional FACT Suspension received annually
x 33%	Percent of notices returned by post office
13,117	Additional returned mail received annually
/ 252	Work days per year
52	Returned mail received per day
/ 440	Documents processed per day
0.12	= .12 FTE needed to process returned mail

Written Correspondence

It is estimated that 5% of the suspensions will result in written correspondence to the Department from the individuals receiving the notice. This will require staff to research the issues presented in the correspondence and prepare a written response. A processing technician is expected to research and prepare 30 written responses received daily. It is assumed they can be handled by the FTE estimated below.

39,749	Additional FACT Suspension received annually
x 5%	Percent which will generate written correspondence
1,987	Written correspondence received per year
/ 252	Work days per year
8	Written correspondence received per day
/ 30	Written responses prepared per day
0.27	= .27 FTE needed to process correspondence

ASSUMPTION (continued)

Reinstatements

Based on FY17 statistics, the Department estimates that 35% of those individuals who are suspended will submit their reinstatement requirements in order to reinstate their driving privilege. The Department assumes the same rate for this program. A processing technician is expected to process 440 documents daily and another processing technician is expected to process 346 reinstatement fees daily.

Same-day service for Statewide Reinstatements:

39,749	Additional FACT Suspension received annually
x <u>35%</u>	Percent submitting reinstatement requirements
13,912	Reinstatement filings received per year
/ <u> 252</u>	Work days per year
55.2	Reinstatements received daily
/ <u> 440</u>	Reinstatements processed daily
0.13	= .13 FTE needed to process reinstatements collected.

Reinstatement Fees:

13,912	Reinstatement fees received per year
/ <u> 252</u>	Work days per year
55.2	Reinstatement fees received daily
/ <u> 346</u>	Reinstatement fees processed daily
0.16	= .16 FTE needed to process reinstatement fees.

Note: Processing FACT suspensions (.36 FTE), processing FACT compliances (.19 FTE), answering telephone inquiries 1.42 FTE), processing returned mail (.12 FTE), processing written correspondence (.27 FTE), processing reinstatement in field office (.13 FTE), and processing reinstatement fees (.16 FTE) functions equal 2.65 FTE which would be rounded to three (3) FTE's.

Total of 3 Revenue Processing Tech I (A10)

FY2019: \$20,300 (10 months) x 3 FTEs = \$60,900

FY2020: \$24,604 yearly salary x 3 FTEs = \$73,811

FY2021: \$24,850 yearly salary x 3 FTEs = \$74,549

ASSUMPTION (continued)

Increased Postage, Envelope, & Printing Costs

First Class Mail Costs:

Suspension notices = 39,749 per year

Reinstatement notices = 13,912 per year

Correspondence letters = 1,987 per year

Total pieces of mail = 55,648 per year (39,749 + 13,912 + 1,987 = 55,648)

FY2019: 55,648/12 mos. = 4,637 x 10 mos. = 46,370 pcs. of mail in the first year after bill  
passage x \$0.49 = \$22,723 first class postage cost

FY2020: 55,648 x \$0.49 = \$27,949 first class postage cost

FY2021: 55,648 x \$0.49 = \$28,648 first class postage cost

Envelope Costs:

Total envelopes = 55,648 per year

FY2019 55,648/12 mos. = 4,637 x 10 mos. = 46,370 envelopes in the first year after bill  
passage x \$0.04 = \$1,855 envelope cost

FY2020: 55,648 x \$0.04 = \$2,282 envelope cost

FY2021: 55,648 x \$0.04 = \$2,339 envelope cost (includes 2.5% inflation)

Letter printing cost

55,648 letters per year

FY2019: 55,648/12 mos. = 4,637 x 10 mos. = 46,370 pcs. of mail in the first year after bill  
passage x \$0.076 per 1,000 = \$3.00 ( 56,000/1000 = 56 x \$0.07 printing cost)

FY2020: 56 (55,648) x \$0.07 = \$4.00 printing cost

FY2021: 56 (55,648) x \$0.07 = \$4.00 printing cost

Total Postage, Envelope, Printing Costs:

FY2019: \$22,723 (1st class) + \$1,855 (envelopes) + \$3.00 (printing) = \$24,581

FY2020: \$27,949 (1st class) + \$2,282 (envelopes) + \$4.00 (printing) = \$30,235

FY2021: \$28,648 (1st class) + \$2,339 (envelopes) + \$4.00 (printing) = \$30,991

ASSUMPTION (continued)

Revenue Impact

DLB

Based on FY17 statistics, the Department estimates that 35% of those individuals who are suspended will submit the reinstatement fee. The Department assumes the same rate for this program. This will result in 13,912 reinstatement fees collected annually.

The reinstatement fees for an Instate Failure to Appear Suspension is a \$20 reinstatement fee.

Total Increase in reinstatement fees collected annually = \$278,240 (13,912 x \$20 reinstatement fee)

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY2019

\$278,240	Increase in reinstatement fees collected annually
/ 12	Number of months in a year
\$ 23,187	Increase in reinstatement fees collected monthly
x 10	Number of months in first year after bill passage
\$231,870	Increase in reinstatement fees collected in first year after bill passage

FY2019

\$231,870 x 75% = \$173,903 - Highway Fund  
\$231,870 x 15% = \$34,781 - Cities  
\$231,870 x 10% = \$23,187 - Counties

FY2020

\$278,240 x 75% = \$208,680 - Highway Fund  
\$278,240 x 15% = \$41,736 - Cities  
\$278,240 x 10% = \$27,824 - Counties

FY2021

\$278,240 x 75% = \$208,680 - Highway Fund  
\$278,240 x 15% = \$41,736 - Cities  
\$278,240 x 10% = \$27,824 - Counties



ASSUMPTION (continued)

Officials at the **City of Kansas City** assume this legislation would have a positive fiscal impact on the City of Kansas City, Missouri, for the following reasons:

1. It sets forth a procedure for suspension of driving privileges by the Department of Revenue if non-minor traffic violations are not disposed of. For some people, the only reason to actually appear and/or pay a ticket is to keep a driver's license from being suspended. Incentive to keep a driver's license equals more fine payments.
2. It changes the definition of minor traffic violations. Excluded from the fine limitations are no insurance tickets, speeding more than 15 miles over the speed limit (as opposed to the 19 miles over currently) and most importantly, original charges that are non-minor traffic violations that are amended to non-moving violations. An example would be a Driving While Suspended charge. If reinstated, our typical amendment is to an improper registration charge. Prior to the restrictions, our recommended fines were \$300 plus costs. After restriction, the City could only charge \$175 plus costs. Every day, our Municipal Court gets requests from attorneys wanting to amend a higher speed charge to defective equipment for larger fines rather than a probation and we cannot oblige due to the restrictions.

Officials at the **City of Springfield** assume a potential positive impact to the City of more than \$300,000 annually. After the implementation of SB5 from the 2015 session, the money brought into the court decreased approximately \$370,000 annually over the last two years. This proposal would reverse the impact from SB5.

Officials at the **Office of State Auditor** assume no fiscal impact from this proposal. Any impact may be absorbed through current appropriations.

Officials at the **Office of the State Courts Administrator** assume no fiscal impact from this proposal. Currently there is no judge serving in more than 5 municipalities per section 479.020(9).

Officials at the **State Tax Commission** assume no fiscal impact from this proposal.

Officials at **Boone County** and the **Callaway County Commission** each assume no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Wayne, and Worth did not respond to **Oversight's** request for fiscal impact.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, St. Charles City Administrator, St. Louis City Budget Division, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Cost - DOR</u>			
Personal Service	(\$60,900)	(\$73,811)	(\$74,549)
Fringe Benefits	(\$45,057)	(\$54,286)	(\$54,505)
Equipment and Expenses	(\$29,383)	(\$31,591)	(\$32,380)
<u>Total Cost - DOR</u>	<u>(\$135,340)</u>	<u>(\$159,688)</u>	<u>(\$161,434)</u>
FTE Change - DOR	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			
	<b><u>(\$135,340)</u></b>	<b><u>(\$159,688)</u></b>	<b><u>(\$161,434)</u></b>
Estimated Net FTE Change for General Revenue Fund	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>HIGHWAY FUNDS</b>			
<u>Revenue - DOR - Reinstatement fees</u>	<u>\$173,903</u>	<u>\$208,680</u>	<u>\$208,680</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUNDS</b>	<b><u>\$173,903</u></b>	<b><u>\$208,680</u></b>	<b><u>\$208,680</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2019 (10 Mo.)	 FY 2020	 FY 2021
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenues - Cities - reinstatement fees distribution</u>	\$34,781	\$41,736	\$41,736
<u>Revenues - Counties - reinstatement fees</u>	\$23,187	\$27,824	\$27,824
<u>Revenues - City of Kansas City - changes procedures for fine payments</u>	Unknown	Unknown	Unknown
<u>Revenues - City of Springfield - reversing limitation placed on fine amounts</u>	Greater than <u>\$300,000</u>	Greater than <u>\$300,000</u>	Greater than <u>\$300,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>Unknown, greater than <u>\$357,968</u></b>	<b>Unknown, greater than <u>\$369,560</u></b>	<b>Unknown, greater than <u>\$369,560</u></b>
 <u>FISCAL IMPACT - Small Business</u>			

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

## FISCAL DESCRIPTION

This act modifies various provisions regarding municipal courts and fines collected in minor traffic and municipal ordinance violation cases.

The act repeals provisions stating that failure to appear procedures in moving traffic violation cases, which include driving license suspension, shall not apply to minor traffic violations. Likewise, a provision prohibiting a municipal judge from serving as a municipal judge in more than five municipalities is repealed.

The terms "annual general operating revenue", "minor traffic violation", and "municipal ordinance violation", as applied in provisions regarding the assessment of fines in minor traffic violation and municipal ordinance violation cases, are modified.

The act repeals a provision prohibiting defendants in minor traffic violation or municipal ordinance violation cases from being placed in confinement for failure to pay a fine unless such nonpayment violates terms of probation or unless due process procedures are followed. Under the act, if such defendant fails to appear and the court finds there is not good cause for failing to appear, then the current limitations regarding fines and confinement shall not apply.

Under current law, a county or municipality that has a municipal court must submit a financial report to the auditor. This act provides that a county or municipality will meet compliance with this requirement by filing a statement confirming that twenty percent or less of its general revenue comes from fines, bond forfeitures, and court costs in municipal court cases.

Current law requires counties and municipalities with a municipal court to also file with the State Auditor a report demonstrating compliance with certain municipal court procedures. This act repeals the required procedure prohibiting the detention of defendants in order to coerce the payment of fines and costs unless such defendant is found to be in contempt after compliance with due process. Another required procedure is that the municipal court is to make use of community service alternatives at no cost to the defendant. This act removes the provision stating that the community service alternatives are to be offered at no cost to the defendant.

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 State Auditor  
Office of the State Courts Administrator  
Department of Revenue  
State Tax Commission  
Boone County  
Callaway County Commission  
City of Kansas City  
City of Springfield

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director  
January 26, 2018