

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 3787-01  
BILL NO. SJR 48  
SUBJECT: Constitutional Amendment: Criminal Forfeiture Procedures  
TYPE: Original  
DATE: February 24, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$43,650)	\$0	\$0
State School Moneys	\$0	\$0	\$0
School Building Revolving	\$0	(Unknown)	(Unknown)
State Forfeiture	\$0	Unknown	Unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$43,650)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 5 pages.

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**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 from the **Department of Revenue** and the **Department of Natural Resources** assume the proposal would not affect their agencies administratively.

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.

In response to similar legislation, 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

ASSUMPTION (continued)

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 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.

Officials from the **Office of Secretary of State (SOS)** assume statewide newspaper publication of constitutional amendments costs approximately \$1,455 per column inch based on estimates provided by Missouri Press Service. For multiple printings as required by the Constitution and state statutes, costs would extend to \$4,365 ( $\$1,455 \times 3 = \$4,365$ ). SOS estimates total number of inches for this amendment to be 10 inches, which includes title header and certification paragraph for a total cost of \$43,650 ( $\$4,365 \times 10 = \$43,650$ ).

FISCAL IMPACT - State Government                      FY 2001              FY 2002              FY 2003

**GENERAL REVENUE**

<u>Cost Office of Secretary of State</u>			
Newspaper Advertisements	(\$43,650)	\$0	\$0

<b>NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$43,650)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**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
<u>Cost - Transfer to school districts</u>	\$0	(Unknown)	(Unknown)

<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**SCHOOL BUILDING REVOLVING FUND**

<u>Department of Elementary and Secondary Education</u>			
<u>Loss - Forfeitures</u>	\$0	(Unknown)	(Unknown)

<b>ESTIMATED NET EFFECT ON SCHOOL BUILDING REVOLVING FUND*</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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\*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**

<u>Income</u>			
Fifty percent of forfeitures	\$0	Unknown	Unknown

<b>ESTIMATED NET EFFECT ON STATE FORFEITURE FUND</b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
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**SCHOOL DISTRICTS**

<u>Income</u>			
Distributions from State School Moneys Fund	\$0	Unknown	Unknown

<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
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FISCAL IMPACT - Local Government                      FY 2001              FY 2002              FY 2003  
(continued)

**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 divide proceeds from forfeitures for violations of criminal laws as follows: 50% to the State School Moneys Fund; and 50% to the Department of Public Safety Forfeiture Fund to be used for law enforcement purposes as provided by law. The proposal would prohibit Missouri law enforcement agencies from accepting forfeiture proceeds or funds by other means.

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  
Department of Public Safety  
    Missouri Highway Patrol  
    Missouri Water Patrol  
Department of Revenue  
Department of Natural Resources  
Office of Secretary of State  
Office of State Courts Administrator



Jeanne Jarrett, CPA  
Director  
February 24, 2000