

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0133-01
Bill No.: SJR 3
Subject: Constitutional Amendments: Criminal Forfeitures
Type: Original
Date: February 5, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$43,800)	\$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	\$0	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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 from the **Department of Revenue** assume the proposal would not affect their agency, administratively.

Officials of the **Missouri State Water Patrol** assumed, in responses to similar proposals, the fiscal impact would vary because the amount of money received 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. FY 2001 appropriations were \$3,670,902) 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 \$1,000,000 annually to the School Building Revolving Fund, and a related income of \$500,000 to the State Schools Moneys Fund and \$500,000 to the State Forfeiture Fund. (Officials noted that FY 2001 proceeds were expected to be about \$200,000, in a response to the fiscal note for SB 21, which would change state law concerning criminal forfeiture proceedings.) 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. The Fund's current balance is about \$1,500,000. 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. The balance in the Fund is relatively low compared to construction costs; therefore, no loans have yet been made from the fund.

Oversight has included income from forfeitures and a transfer to school districts from 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

ASSUMPTION (continued)

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 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. Officials from the **St. Louis Metropolitan Police Department** estimate losses averaging \$1,000,000 per year should the amendment pass. 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.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2002 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Cost to General Revenue Fund</u>			
<u>Secretary of State</u>			
Newspaper Advertisements		(\$43,800)	
ESTIMATED NET EFFECT ON	<u>\$0</u>	<u>(\$43,800)</u>	<u>\$0</u>
GENERAL REVENUE FUND			
 STATE SCHOOL MONEYS FUND			
<u>Income - 50% of Forfeitures</u>	\$0	Unknown	Unknown
<u>Cost - Distributions to School Districts</u>	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
STATE SCHOOL MONEYS FUND			

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
SCHOOL BUILDING REVOLVING FUND			
<u>Loss - Forfeitures</u>	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL BUILDING REVOLVING FUND*	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

*Projected contributions to the Fund for FY 2001 are \$200,000.

STATE FORFEITURE FUND			
<u>Income - 50% of Forfeitures</u>	\$0	Unknown	Unknown
ESTIMATED NET EFFECT ON STATE FORFEITURE FUND	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
SCHOOL DISTRICTS			
<u>Income - Distributions from State School Moneys Fund</u>	\$0	Unknown	Unknown
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>

LAW ENFORCEMENT AGENCIES			
<u>Loss - Forfeiture Proceeds</u>	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LAW ENFORCEMENT AGENCIES	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of 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
DESCRIPTION (continued)

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
Department of Revenue
Office of Secretary of State

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
February 5, 2001