

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1318-01
Bill No.: HB 468
Subject: State Auditor; Cities, Towns, and Villages; Department of Revenue; Roads and Highways
Type: Original
Date: February 17, 2009

Bill Summary: The proposal increases the amount of excess revenues generated by fines for moving traffic violations that municipalities must send to the Department of Revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education, Department of Revenue, City of Centralia, City of Kansas City, and the City of West Plains** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator (CTS)** assume the proposal would increase the amount of excess revenues generated by fines for moving traffic violations that municipalities must send to the Department of Revenue. Currently, it is any amount in excess of 45% of its total annual general operating budget; the legislation would change that to in excess of 35%. CTS assumes the additional amount of money that would go to the Department of Revenue is unknown. There would be no costs to the courts.

Officials from the **Office of the State Auditor** assume the proposal would have no fiscal impact on their agency. Officials assume they can absorb any additional audits within existing resources.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Oversight received information from the Department of Revenue (DOR) that there are currently no cities, towns, or villages sending fine revenues in excess of 45% of their total annual revenue to the DOR due to the provisions of the existing statute. Oversight is not aware of any cities, towns, or villages that would be impacted under the proposal. However, Oversight assumes if there are any, the proposed legislation could result in losses to cities, towns, or villages receiving more than thirty-five percent of their annual general operating revenue from fines and court costs. Oversight also assumes the DOR would receive additional revenues from these cities, towns, or villages, which would be distributed to local school districts. Oversight has reflected the fiscal impact as Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Revenues</u> – Department of Revenue			
Increased fines from cities, towns, or villages	Unknown	Unknown	Unknown
<u>Costs</u> – Department of Revenue			
Distributions to local school districts	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
POLITICAL SUBDIVISIONS			
<u>Revenues</u> – Local School Districts			
Increased distributions of fine revenues	Unknown	Unknown	Unknown
<u>Losses</u> – Cities, Towns, or Villages			
Increased revenues from fines sent to the state	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

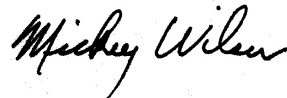
FISCAL DESCRIPTION

Currently, if a city, town, or village receives more than 45% of its total annual revenue from fines for traffic violations, all revenue from these violations in excess of 45% must be sent to the Department of Revenue. This bill reduces the amount to 35% of the annual general operating revenue but includes court costs for traffic violations in the amount. Failure to send the excess revenue to the department direct or in a timely manner as established by department rule may result in the city, town, or village being subject to an annual audit by the State Auditor.

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 Courts Administrator
Department of Elementary and Secondary Education
Department of Revenue
Office of the State Auditor
Office of the Secretary of State
City of Centralia
City of Kansas City
City of West Plains



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Director
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