

**Fiscal Note**

**2019-2020 Legislative Session**

**HF113 - 0 - "Fine Proceeds Distribution Formula Amended"**

Chief Author: **Jamie Becker-Finn**  
 Committee: **Judiciary Finance & Civil Law Division**  
 Date Completed: **01/29/2019**  
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>General Fund</b>	-	129	173	173	173	173
<b>Total</b>	-	<b>129</b>	<b>173</b>	<b>173</b>	<b>173</b>	<b>173</b>
<b>Biennial Total</b>			<b>302</b>			<b>346</b>

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King      Date: 1/29/2019 3:56:16 PM  
 Phone: 651 201-8033      Email: jim.king@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	129	173	173	173
<b>Total</b>	<b>-</b>	<b>129</b>	<b>173</b>	<b>173</b>	<b>173</b>
<b>Biennial Total</b>			<b>302</b>		<b>346</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>		<b>-</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	(129)	(173)	(173)	(173)
<b>Total</b>	<b>-</b>	<b>(129)</b>	<b>(173)</b>	<b>(173)</b>	<b>(173)</b>
<b>Biennial Total</b>			<b>(302)</b>		<b>(346)</b>

**Bill Description**

HF113-0 amends Minn. Stat. § 484.85 to change the distribution of fine and penalty revenue for municipalities or subdivisions of government in Ramsey County, except St. Paul, and to the state general fund. The effective date is July 1, 2019.

**Assumptions**

The share of fine and penalty revenue for all municipalities and subdivisions of government in Ramsey County, except the city of St. Paul, currently distribute one-half to the municipality or subdivision of government and one-half to the state general fund.

HF 113 changes the fine and penalty revenue to provide that the share of fine and penalty revenue for all municipalities and subdivisions of government in Ramsey County, except the city of St. Paul, will increase from one-half to two-thirds, and that the fine and penalty revenue for the state general fund will decrease from one-half to one-third.

It is assumed that this change in distribution will apply to cases in which the offenses occur on and after July 1, 2019; not to cases in which the offenses occurred before July 1, 2019.

It is assumed that cases with offenses committed before July 1, 2019, and payments made on or after July 1, 2019 will continue to distribute one-half to the appropriate municipality or subdivision of government, and one-half to the state general fund. The amount of revenue that distributes one-half to the state general fund will decrease over the fiscal years.

It is assumed that the Judicial Branch case management system can be updated in the normal course of business to change the fine distribution for cases in which the offenses occur on or after July 1, 2019.

**Expenditure and/or Revenue Formula**

HF113 will reduce revenue to the state general fund for fines and penalties that distribute under Minn. Stat. § 484.85 for municipalities and subdivisions of government in Ramsey County, except St. Paul. Estimated loss of revenue to the state

general fund is calculated as follows:

On average in FY16-FY18, municipalities and subdivisions of government in Ramsey County, except for St. Paul, cumulatively received revenue under Minn. Stat. § 484.85 of \$517,608 per year. The state general fund received the same amount. Together these municipalities and subdivisions of government, and the state general fund received an average of \$1,035,216 per year.

	FY16	FY17	FY18	3 Year Total	3 Year Average
<b>Municipal One-half</b>	\$ 573,962	\$ 493,740	\$ 485,122	\$1,552,824	\$ 517,608
<b>State General Fund One-Half</b>	\$ 573,962	\$ 493,740	\$ 485,122	\$1,552,824	\$ 517,608
<b>Total</b>	\$1,147,924	\$ 987,480	\$ 970,244	\$3,105,648	\$1,035,216

It is assumed that the total revenue received in FY20 and going forward will be approximately the same as the average for the past three fiscal years, \$1,035,648. Fine and penalty revenue for cases with offenses committed before July 1, 2019 will continue to be received and distributed one-half to the municipality or subdivision of government and one-half to the state general fund. It is unknown what percentage of the fine and penalty revenue will distribute at one-half.

Based on estimated fine and penalty revenue of \$1,035,216 the two-third share to the municipalities and subdivisions of government would be approximately \$690,144 and one-third share to the state general fund will be approximately \$345,072.

Projected Revenue Loss to the State General Fund for FY21, FY22, and FY23 is \$172,536, calculated as follows:

$\$517,608 - \$345,072 = \$172,536$ . (Average revenue with one-half distribution minus the estimated revenue based on one-third distribution.)

Projected Revenue Loss to the State General Fund for FY20 is \$129,402, calculated as follows:

$\$517,608 - \$345,072 = \$172,536$ . (Average revenue with one-half distribution minus the estimated revenue based on one-third distribution.)

The loss of revenue for FY2020 is discounted by 3 months to account for the time from date of offense to sentencing, and for cash flow.

**Long-Term Fiscal Considerations**

Revenue loss to state general fund is permanent.

**Local Fiscal Impact**

Revenue for cases with offense dates on or after July 1, 2019, that distribute under Minn. Stat. § 484.85, will increase from one-half to a two-third for municipalities in Ramsey County other than St. Paul. It is unknown how much additional revenue each municipality or other subdivision of government in Ramsey County, other than St. Paul, will receive in FY20-FY23.

**References/Sources**

**Agency Contact:** Janet Marshall

**Agency Fiscal Note Coordinator Signature:** Janet Marshall

**Phone:** 651 297-7579

**Date:** 1/29/2019 3:50:07 PM

**Email:** Janet.marshall@courts.state.mn.us