

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6694
BILL NUMBER: HB 1804

DATE PREPARED: Jan 11, 1999
BILL AMENDED:

SUBJECT: Levy controls on court funding.

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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a county to deposit court fees in a Court Fund established by the county instead of depositing them in the county's General Fund. It provides that the costs of: (1) paying for judges' salaries, office expenses, and personnel; (2) providing adult probation, juvenile detention, juvenile probation, and public defenders; (3) operating the clerk of the circuit court's office; and (4) certain other court related expenditures shall be paid from the Court Fund if they are not paid from the Family and Children's Fund.

Effective Date: January 1, 2000.

Explanation of State Expenditures: Under this proposal, the State Tax Board could adopt rules to govern the type of expenditure that would be paid out of the Court Fund and which fees must be paid from the Court Fund. The bill allows the Tax Board to adopt emergency rules for this purpose.

Explanation of State Revenues:

Explanation of Local Expenditures: Under this proposal, each county would establish a Court Fund. Money in the fund would be used to pay the county's share of all court costs from each circuit, superior, probate, county, and municipal court that are not paid from the Family and Children's Fund. Court costs include 1) Judges' salaries and expenses; 2) Court personnel costs; 3) Adult probation; 4) Juvenile probation; 5) Juvenile detention; 6) Public defenders; 7) County clerks' offices; 8) Supplemental juror fees; and 9) Court established alcohol and drug services programs that are not paid from user fee funds.

Explanation of Local Revenues: The State Tax Board would determine each county's CY 2000 Court Fund maximum levy. The CY 2000 maximum levy may not exceed 1999 court expenses plus 10%, less court fees and miscellaneous revenues. According to this formula, the statewide Court Fund maximum levy would not be able to exceed an estimated \$83.3 million in CY 2000. Each county's CY 2000 General Fund maximum

levy would be reduced by the amount of the CY 2000 maximum Court Fund levy.

Under the proposal, the State Tax Board could allow counties to make a transfer from the county General Fund to the Court Fund in CY 2000. The transfer could not exceed the amount of court fees deposited into the General Fund in CY 1999. The General Fund maximum levy would not be affected but the Court Fund maximum levy would be reduced by the amount of the transfer.

Revenues deposited in the Court Fund would include property tax and court related fees. Counties would not be required to deposit miscellaneous revenues, including excise tax and financial institutions tax, into the fund. The annual increases in the Court Fund levies would be limited to the amount of each county's assessed value growth quotient (AVGQ). The minimum AVGQ is 5% and the maximum is 10%. This is the same rate of increase that counties currently use for overall maximum levy growth.

There should not be any overall change in county levies under this proposal. However, since court expenditures would be made from the Court Fund rather than from the General Fund, their growth would be limited to about 5% per year. Currently, if court expenditures grow at a faster rate than 5%, the county must reduce other General Fund expenditures or find additional resources to pay for those expenses.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: Counties, Courts.

Information Sources: Local Government Database.