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FISCAL IMPACT STATEMENT

LS 6603
BILL NUMBER: HB 1156

NOTE PREPARED: Feb 1, 2006
BILL AMENDED: Jan 31, 2006

SUBJECT: Various Provisions Concerning Courts.

FIRST AUTHOR: Rep. Richardson
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

STATE IMPACT	FY 2006	FY 2007	FY 2008
State Revenues		683,000	683,000
State Expenditures		220,639	689,323
Net Increase (Decrease)		462,361	(6,323)

Summary of Legislation: (Amended) This bill has the following provisions:

- A. *Excessive Property Tax Levy* – It limits the amount of an excessive property tax levy for new court operating expenses to the estimate by the taxing unit operating the court of the court's expenses for its first year of operation. It lists the costs that qualify for the excessive levy.
- B. *Sources for Jury Pools* – It requires jury commissioners to use only lists approved by the Supreme Court to determine the names of prospective jurors to be included in a jury pool. It removes provisions that allow the commissioners to select names from various other sources. It repeals definitions of "voter registration lists". It prohibits an employer from: (1) subjecting an employee to an adverse employment action because of the employee's jury service; and (2) requiring an employee to use vacation or other leave for jury duty.
- C. *New Marion Superior Courts and Magistrates*– It increases the number of judges on the Marion Superior Court from: (1) 32 to 35 judges beginning January 1, 2007; and (2) 35 to 36 judges beginning January 1, 2009. It increases the total number of magistrates that a majority of the Marion Superior

Court may appoint from 4 to 8 beginning January 1, 2008.

- D. *Added Fees* – It raises the following court fees by \$1: (1) criminal; (2) infraction and ordinance; (3) juvenile; (4) civil; (5) small claims; and (6) probate.

(The introduced version of this bill was prepared by the Commission on Courts.)

Effective Date: Upon passage; July 1, 2006.

Explanation of State Expenditures: *Excessive Property Tax Levy* – This bill would have no effect on the staff of the Department of Local Government Finance, who review the need for excessive tax levies after new courts are created.

Sources for Jury Pools – The Indiana Supreme Court developed a series of master lists for broadening the jury pool for each county. This list includes persons who hold driver's licenses and identification cards issued by the Bureau of Motor Vehicles (BMV) and state income tax payers in the same county. Staff at the Department of State Revenue eliminated duplicates and removed individuals identified as deceased, too young for jury service, or no longer residents of Indiana. The Supreme Court made these lists available to each county upon request of the local courts. Currently, about 88 counties have requested this information.

To broaden jury pools, the Supreme Court has issued new rules specifying that counties may choose between using:

- this master list;
- this master list and another source of names such as utility customers, property tax records, or telephone directories;
- a voter registration list supplemented with at least one of the following sources: BMV records, property tax records, telephone directories, and utility customers.

To monitor these efforts, the Supreme Court required that all trial courts identify and report what sources they will use for jury pool assembly by November 30, 2005.

(Revised) *New Marion Superior Courts and Magistrates*– The estimated costs for the new courts and magistrates in Marion County are shown in the following table.

<u>Court</u>	<u>Effective Date</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Superior 33	Jan 1, 2007	\$73,546	\$150,522	\$154,036	\$157,639
Superior 34	Jan 1, 2007	\$73,546	\$150,522	\$154,036	\$157,639
Superior 35	Jan 1, 2007	\$73,546	\$150,522	\$154,036	\$157,639
Superior 36	Jan 1, 2009			\$77,018	\$157,639
Magistrates 5 thru 8	Jan 1, 2008	-	\$237,756	\$486,406	\$497,572
Total Cost		\$220,639	\$689,323	\$1,025,533	\$1,128,127

Background Information on New Court Costs: Under IC 33-38-5-8.1, salaries of judicial officers are adjusted each year by the amount that executive staff in the same salary bracket are paid. Between FY 2001 and FY 2005, salary adjustments for state employees in the executive branch ranged from no salary increase

in 2002 to an increase of 4% in 2001. For this analysis, judicial officers are assumed to receive a 2.5% annual salary increase.

State expenditures associated with this bill will also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for these persons will depend on future decisions of the executive branch. The state could absorb an increasing amount of the new health insurance costs or require employees to assume a larger share of the health insurance costs.

The following costs are expected for each fiscal year based on the salaries specified in the statute and by a projected increase in salary for judicial officers. The following tables show the projected costs for these new judges and new magistrates.

Projected Salaries and Benefits Based on Statute for Judges by Fiscal Year					
Benefits	2006	2007	2008	2009	2010
Salary*	\$110,500	\$113,262	\$116,094	\$118,996	\$121,971
Life Insurance	\$398	\$408	\$418	\$428	\$439
Social Security	\$8,453	\$8,665	\$8,881	\$9,103	\$9,331
Judges Retirement Fund - Judge / PERF - Magistrate	\$11,933	\$12,231	\$12,537	\$12,851	\$13,172
Disability Insurance	\$2,519	\$2,582	\$2,647	\$2,713	\$2,781
Costs for Judicial Center	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Deferred Comp State Match and Leave Conversion	\$654	\$654	\$654	\$654	\$654
Health, Dental, and Vision (blended rate)	\$8,291	\$8,291	\$8,291	\$8,291	\$8,291
Total Cost Per Judicial Officer	\$143,748	\$147,093	\$150,522	\$154,036	\$157,639

* Assumes an annual salary increase of 2.5%.

Projected Salaries and Benefits Based on Statute for Magistrates by Fiscal Year					
Benefits	2006	2007	2008	2009	2010
Salary*	\$88,400	\$90,610	\$92,875	\$95,197	\$97,577
Life Insurance	\$318	\$326	\$334	\$343	\$351
Social Security	\$6,763	\$6,932	\$7,105	\$7,283	\$7,465
Judges Retirement Fund - Judge / PERF - Magistrate	\$6,188	\$6,343	\$6,501	\$6,664	\$6,830
Disability Insurance	\$2,016	\$2,066	\$2,118	\$2,170	\$2,225
Costs for Judicial Center	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Deferred Comp State Match and Leave Conversion	\$654	\$654	\$654	\$654	\$654
Health, Dental, and Vision (blended rate)	\$8,291	\$8,291	\$8,291	\$8,291	\$8,291
Total Cost Per Magistrate	\$113,629	\$116,221	\$118,878	\$121,602	\$124,393

* Assumes an annual salary increase of 2.5%.

Explanation of State Revenues: (Revised) The \$1 increase in all court cost fees will generate an estimated \$1 M. The state General Fund receives 70% of the court fees generated by trial courts and 55% of the fees generated by city and town courts. Consequently, the added fee revenue generated by this fee increase would be \$683,000. These fees increase on July 1, 2006.

	Courts of Record	City and Town Courts	Total New Revenue
Fees Generated by Type of Court*	\$839,921	\$172,609	\$1,012,530
State Percentage	<u>70%</u>	<u>55%</u>	
State Share	\$587,945	\$94,935	\$682,880
*see following table			

Of this new fee revenue, 70% will be deposited in the state General Fund.

Revenue Generated From \$1 Fee Increase By Type of Case and Court			
	Courts of Record	City and Town Courts	Total Revenue
Felonies and Misdemeanors	\$52,295	\$21,752	\$74,047
Infractions	\$365,091	\$127,042	\$492,133
Ordinance Violations	\$51,385	\$14,150	\$65,535
Juvenile	\$14,006		\$14,006
Civil Plenary and Tort	\$100,470	\$9,580	\$110,050
Small Claims	\$185,953		\$185,953
Domestic Relations	\$34,460		\$34,460
Probate and Others	<u>\$35,261</u>	<u>\$85</u>	<u>\$35,346</u>
Total New Revenue	\$838,921	\$172,609	\$1,011,530

Explanation of Local Expenditures: (Revised) *Excessive Property Tax Levy* – Counties pay an estimated 80% of the expenditures for trial courts. When a new court is created and if a county appeals for relief, a county's maximum aggregate levy is increased by the amount that the Local Government Tax Control Board recommends. The recommendation is based on the anticipated operating costs and accounting for anticipated new revenues from court fees. This provision adds language clarifying what types of costs can be included in the excessive levy.

Sources for Jury Pools – All counties would be able to comply with the requirement to use the list of license and identification card holders issued by the BMV. Of the courts in 53 counties that have reported to the Supreme Court, 44 are using the master list, while 9 counties use a combination of voter rolls and BMV records. (See also *Explanation of State Expenditures*.)

New Marion Superior Courts and Magistrates – Marion County would not incur additional costs for new court space, support staff, or office equipment.

Explanation of Local Revenues: The increase in court fees could generate \$330,000 in new revenue. (See also *Explanation of State Revenues*.)

	Courts of Record	City and Town Courts	Total New Revenue
Fees Generated by Type of Court*	\$839,921	\$172,609	\$1,012,530
State Percentage	<u>30%</u>	<u>45%</u>	
State Share	\$251,976	\$77,674	\$329,650
*see following table			

State Agencies Affected: Indiana Supreme Court – Indiana Judicial Center and Division of State Court Administration.

Local Agencies Affected: All counties.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for the Judges Retirement Fund; Office of State Court Administration; State Budget Agency.

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