

HF1414 - 0 - Formula for Distribution of Fine Proceeds Amended

Chief Author: **Brion Curran**
 Committee: **Judiciary Finance And Civil Law**
 Date Completed: **2/23/2023 5:38:50 PM**
 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.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	91	121	121	121	121
Total	-	91	121	121	121	121
Biennial Total			212			242

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karen McKey **Date:** 2/23/2023 5:38:50 PM
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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		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	91	121	121	121	121
Total	-	91	121	121	121	121
Biennial Total			212			242
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund	-	(91)	(121)	(121)	(121)	(121)
Total	-	(91)	(121)	(121)	(121)	(121)
Biennial Total			(212)			(242)

Bill Description

HF1414-0 amends Minn. Stat. § 484.85 to change the distribution of fine and penalty revenue paid to municipalities or subdivisions of government in Ramsey County, except St. Paul, and credited to the state general fund. The effective date is July 1, 2023.

Assumptions

The fine and penalty revenue for offenses that occur in 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. The fine and penalty revenue for offenses that occur in St. Paul currently distributes 2/3 to St. Paul and 1/3 to the state general fund.

It is assumed 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, 2023; not to cases in which the offenses occurred before July 1, 2023.

It is assumed that cases with offenses committed before July 1, 2023, and payments made on or after July 1, 2023 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, 2023.

Expenditure and/or Revenue Formula

This bill 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. It is unknown how much revenue will be received in FY23, FY24, and FY25. Estimated loss of revenue to the state general fund is calculated as follows:

On average in FY20-FY22, municipalities and subdivisions of government in Ramsey County, except for St. Paul,

cumulatively received revenue under Minn. Stat. § 484.85 in the amount of \$364,347 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 \$728,694 per year.

	FY20	FY21	FY22	3 Year Total	3 Year Average
Municipal One-half	\$ 429,212	\$ 358,841	\$ 304,988	\$ 1,093,041	\$ 364,347
State General Fund One-Half	\$ 429,212	\$ 358,841	\$ 304,988	\$ 1,093,041	\$ 364,347
Total	\$ 858,424	\$ 717,682	\$ 609,976	\$ 2,186,082	\$ 728,694

It is assumed that the total revenue received will be approximately the same as the average for the past three fiscal years, \$728,694. Fine and penalty revenue for cases with offenses committed before July 1, 2023 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 \$728,694 the two-third share to the municipalities and subdivisions of government would be approximately \$485,796 (\$728,694 x .666666) and one-third share to the state general fund will be approximately \$242,898 (\$728,694 - \$485,796).

Projected Revenue Loss to the State General Fund for FY25 and after is \$121,449 calculated as follows:

$\$364,347 - \$242,898 = \$121,449$. (Average revenue with one-half distribution minus the estimated revenue based on one-third distribution.)

Projected Revenue Loss to the State General Fund for FY24 is \$91,087, calculated as follows:

$\$364,347 - \$242,898 = \$121,449$. (Average revenue with one-half distribution minus the estimated revenue based on one-third distribution.)

The loss of revenue for FY2024 is discounted by 3 months to account for the time from date of offense to sentencing, and for cash flow.

$\$121,449 / 12 \text{ mos} = \$10,121$.

$\$10,121 \times 3 \text{ mos} = \$30,362$.

$\$121,449 - \$30,362 = \$91,087$.

Long-Term Fiscal Considerations

Revenue to the state general fund for cases with offense dates on or after July 1, 2023, that distribute under Minn. Stat. § 484.85, will decrease from one-half to a one-third.

Local Fiscal Impact

Revenue for cases with offense dates on or after July 1, 2023, 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 FY24-FY27.

References/Sources

Agency Contact:

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