

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0200-02
Bill No.: HCS for HB 169
Subject: Attorneys; Cities, Towns and Villages; Counties
Type: Original
Date: February 4, 2013

Bill Summary: This proposal changes the laws regarding county contribution to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government*	\$0	\$0	\$0

*Offsetting income and expenses regarding the Prosecuting Attorneys and Circuit Attorneys Retirement System.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Prosecutor's and Circuit Attorney's Retirement System (PACARS)** state the amendments to section 56.807.5 makes the payments from the general revenues of the respective counties respond to the funded ratio of the assets and liabilities of PACARS, as determined by its actuaries. As such, the amendatory language operates to assure that PACARS is neither over funded nor underfunded. Thus, the system will be able to pay its pension liabilities as provided by law without concern that the funding mechanisms will result in excess funds in the system.

The amendment to sections 56.807.7 and 488.026 respond to the reduction in funding to PACARS which has resulted from the migration of counties to the Fine Collection Center in the recent past. As such, this amending language replaces a revenue stream which had previously guaranteed PACARS' ability to pay its pension liabilities as they arose. Taken together with the amendments to 56.807.5, the fiscal impact of the proposed legislation would secure PACARS' ability to pay its pension obligations as defined by law.

Officials from the **Joint Committee on Public Retirement** state that based on information provided by Office of the State Courts Administrator (CTS) in 2012, provisions included in this proposal would increase the surcharge contribution to PACARS. The estimated revenue as provided by the CTS of the inclusion of the \$4 fee paid to the fine collection center would be approximately \$611,988.00. Depending on the PACARS annual actuarial valuation and the resulting funded ratio, the county monthly contribution may be adjusted. The current funded ratio of 99% would allow for current monthly contribution levels to remain unchanged.

Officials from the **Office of Prosecution Services** assume the current proposal would not fiscally impact their agency.

Officials from the **Office of the State Courts Administrator** state that based on the data for the past five years, FY 08 through FY 12, they assume that the average is approximately 131,369 fine collection center cases on which this \$4.00 surcharge could be applied. The department anticipates the revenue from a \$4.00 surcharge would be approximately \$525,476 in any given year.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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LOCAL GOVERNMENT

<u>Revenue</u> -Increase in surcharge contribution to Prosecuting Attorneys and Circuit Attorneys Retirement System	\$437,897	\$525,476	\$525,476
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<u>Expense</u> - Surcharge contribution to Prosecuting Attorneys and Circuit Attorneys Retirement System	<u>(\$437,897)</u>	<u>(\$525,476)</u>	<u>(\$525,476)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, each county treasurer must transfer a specified sum of money each month to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund for use by the fund.

Beginning August 28, 2013, the county contribution must be adjusted in accordance with the following schedule based on the retirement system's actuarial valuation report:

- (1) If the system's funding ratio exceeds 120%, no monthly sum must be transmitted;
- (2) If the system's funding ratio is between 111% to 120%, the monthly sum transmitted must be reduced 50%;
- (3) If the system's funding ratio is between 90% and 110%, the monthly sum transmitted must remain the same;

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FISCAL DESCRIPTION (continued)

- (4) If the system's funding ratio is between 80% and 89%, the monthly sum transmitted must be increased 50%; and
(5) If the system's funding ratio is less than 80%, the monthly sum transmitted must be increased 100%.

Currently, a surcharge of \$4 is assessed and collected in all criminal cases filed in court, including any violation of a county ordinance or any violation of the state's criminal or traffic laws, including infractions. The proposal adds any person who has pled guilty and paid a fine through a fine collection center to the list of those who are to be assessed the surcharge.

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

Joint Committee on Public Retirement
Office of Prosecution Services
Prosecuting Attorneys and
Circuit Attorneys' Retirement System
Office of the State Courts Administrator



Ross Strope
Acting Director
February 4, 2013