

Fiscal Estimate Narratives
DOR 5/25/2005

LRB Number 05-1547/1	Introduction Number AB-211	Estimate Type Updated
Subject Collection of fees, fines, forfeiture, and surcharges		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a county may hire a collection agency to collect unpaid fines and forfeitures imposed by the circuit court. Payments of fines and forfeitures must be in cash or by check.

Under the bill, a county could hire a debt collector to collect unpaid fines and forfeitures. Fines and forfeitures could be paid by credit card, debit card, or under a payment plan for which an administrative fee of no more than \$15 could be imposed. The Department of Revenue (DOR) does not have information to reasonably estimate how these law changes would affect collections of fines and forfeitures.

Under current law, a municipality or county may certify any debt, excluding unpaid property taxes, of \$20 or more owed to it to DOR for collection under the refund intercept program. The municipality or county must provide DOR with the debtor's social security number. DOR deducts the debts from any tax refunds due the debtor and remits collections to the municipality or county. On a quarterly basis, DOR bills municipalities and counties 2% of collections to recover its administrative costs.

Under the bill, a municipality or county could provide DOR with the debtor's operator's (driving) license number instead of a social security number. Since municipalities and counties often have a debtor's operator's license number but not a debtor's social security number, more debts would become collectible. Based on experience with the intercept program to date, it is estimated that municipalities' and counties' collections on delinquent debts would increase by about \$2 million per year.

Under the bill, all administrative costs would be charged to the debtor. Based on amounts intercepted by DOR in FY04, it is estimated that collecting administrative costs from the debtor instead of the municipality or county would decrease local government costs by about \$200,000 per year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Collection of fees, fines, forfeiture, and surcharges			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$-200,000
NET CHANGE IN REVENUE	\$		\$+2,000,000
Agency/Prepared By		Authorized Signature	Date
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