

**STATE, LOCAL and STATUTORY PUBLIC ENTITY
FISCAL IMPACT**

Drafting Number: LLS 12-0319

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Prime Sponsor(s): Sen. Guzman
Rep. Pabon

Bill Status: Senate Transportation

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TITLE: CONCERNING FAILURE TO PRESENT VALID EVIDENCE OF MASS TRANSIT
FARE PAYMENT.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Multiple Cash Funds	up to \$78,935	up to \$91,017
State Expenditures		
General Fund	\$14,800	
Multiple Cash Funds	24,885	\$28,639
FTE Position Change	0.7 FTE	0.8 FTE
Effective Date: August 7, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill creates a new class B traffic infraction for failure to pay the applicable fare or to present a valid transit pass or coupon. Under the bill, the infraction is punishable by a fine of \$75, payable to the county where the infraction was discovered. A person with an outstanding judgment for the new infraction is also prohibited from obtaining or renewing a driver's license.

Background

Under current law, the crime of theft of transit for failure to pay the applicable fare or to present a valid pass or coupon is a class 2 petty offense punishable by a fine of up to \$100. In 2011, there were an estimated 7,200 total theft of transit cases. This number includes 1,100 (15 percent) theft of transit cases filed in county courts. While state law is silent on the treatment of fine revenues, these amounts, averaging \$25,000 a year, are currently deposited into the Judicial Department's Fines Collection Cash Fund. In addition, there were an additional 6,600 cases (85 percent) filed in the City and County of Denver. No information on the amount of fine revenue collected by the City and County of Denver was available as of this writing.

Distinct and separate from current theft of transit fines, violations of traffic laws established in state statute or traffic violations reportable to county courts are written as penalty assessments and sent to the Department of Revenue (DOR) for processing and collection. The DOR collects the penalty and a \$4 surcharge for an estimated 78 percent of persons who choose to pay and remits these amounts, less a \$0.50 processing fee retained by the department, to the applicable judicial district. Unpaid penalty assessments currently result in a judicial summons (10 percent of total violations) and may ultimately result in an outstanding judgment or warrant (12 percent of total violations). Under current law, persons who have an outstanding judgement or warrant are prohibited from obtaining or renewing a driver's license and subject to increased fees including a \$95 driving privilege reinstatement fee, a \$15 court administrative fee, a \$15 DOR administrative fee, and \$21 for the cost of the new driver's license.

State Revenue

Overall, this bill increase net state cash fund revenue by up to \$78,935 in FY 2012-13 and \$91,017 in FY 2013-14. This includes an increase in revenue for the Department of Revenue and a decrease in revenue for the Judicial Branch as described below.

Department of Revenue. The DOR is anticipated to generate additional revenue as a result of processing an estimated 7,200 new traffic offenses per year. This analysis assumes that the current collections rates for traffic offenses will continue to apply in that 78 percent will remit payment to the DOR; 10 percent will remit payment to the county clerk upon receipt of a summons, and 12 percent will have an outstanding judgment or warrant issued and ultimately will be required to pay additional fees to have their driving privileges reinstated.

- *Payment processing fees.* The DOR collects \$0.50 per payment it processes. This analysis assumes a total of \$2,516 will be collected in FY 2012-13 and \$2,808 will be collected in FY 2013-14.
- *Administrative fees to reinstate driving privileges.* As discussed in the background section, the state collects a total of \$131 per driver that receives an outstanding judgement or warrant. Assuming all violators will choose to reinstate their driving privileges, revenue could increase by up to \$101,394 in FY 2012-13 and \$113,184 in FY 2013-14.

Judicial Branch. Overall, fine revenue is anticipated to decrease. Under the bill, any fine revenue is to be credited to the county in which the violation occurred and will no longer be collected by the Judicial Branch. In current practice, an average of \$24,975 is credited each year to the Fines Collection Cash Fund.

State Expenditures

This bill increase state expenditures by \$39,685 and 0.7 FTE in FY 2012-13 and \$28,639 and 0.8 FTE in FY 2013-14 as shown in Table 1 and described below.

Table 1. Expenditures Under SB 12-044		
Cost Components	FY 2012-13	FY 2013-14
Personal Services	\$23,543	\$26,976
FTE	0.7	0.8
Operating Costs	665	760
Computer Programming	14,800	-
Postage	677	903
TOTAL	<u>\$39,685</u>	<u>\$28,639</u>
General Fund	14,800	-
Multiple Cash Funds	24,885	28,639

Department of Revenue. The DOR will incur personal services, operating and postage costs to process payments for an estimated 7,200 traffic offenses per year and reinstate driving privileges for an estimated 864 persons per year. These amounts have been pro-rated for the first year and will be paid with cash funds. One-time computer programming costs of \$14,800 for the Gen-tax system will also be incurred in FY 2012-13, paid from the General Fund.

Judicial Branch. This analysis assumes the current volume of cases will continue, but that the cases will be filed as traffic infractions rather than criminal cases. As a result of efficiencies in processing traffic infractions, this bill may reduce workload in courts. However, these efficiencies may be partially offset by increases in workload related to issuing summons and outstanding judgments and warrants for persons who do not make timely payments to the DOR. Due to limited information, these amounts have not been estimated.

Local Government Impact

This bill will affect local governments in different ways. First, for counties with public transit, local revenue will increase as a result of traffic offense fines being paid to the county where the violation incurred rather than being collected by the Judicial Department. This analysis assumes that local revenue will increase by at least \$24,975 per year, and at least initially, will primarily be distributed among Arapahoe and Douglas counties where light rail lines exist. Second, the City and County of Denver, which currently collects its own revenue for crimes of theft of transit that occur within its jurisdiction, may experience a reduction in revenue as a result of lowering the maximum fine by \$25. Due to limited information, this amount has not been estimated.

State Appropriations

For FY 2012-13, the DOR requires an appropriation of \$39,685, including \$14,800 General Fund, \$6,355 from the Penalty Assessment Account in the HUTF, \$60 from the Outstanding Judgment or Warrant Account in the HUTF, and \$18,470 from the Driver's License Administrative Revocation Account, and an allocation of 0.7 FTE.

The Governor's Office of Information Technology requires an appropriation of \$14,800 in reappropriated funds from the Department of Revenue.

Departments Contacted

Corrections
Local Affairs

Judicial
Public Safety

Law
Revenue