

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB705

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Obenshain

3. Committee: Senate Finance and Appropriation

4. Title: Issuance of United States passports by clerk's office

5. Summary: The proposed bill amends § 17.1-275 (Fees collected by clerks of circuit court) to allow circuit court clerks to process and issue United States passports. The bill provides that a clerk of a circuit court is permitted to collect whatever fee is specified by the U.S. Department of State for processing and issuing a United States passport.

Of the fee collected, \$10 is to be paid directly to the Commonwealth (general fund) and the remainder is to be deposited with the local treasurer to be used for the sole purpose of providing such passport services. The bill allows for the locally deposited portion of the fee to be used for the staffing required to provide the passport issuance service.

6. Budget Amendment Necessary: Yes, Front Page

7. Fiscal Impact Estimates: Preliminary (see Item #8)

8. Fiscal Implications: The U.S. Department of State has established the processing fee for a United States passport at \$35. Currently, the entire processing fee is recorded as “clerks’ fees” and deposited with the Commonwealth (general fund). When the total of all fees collected by a clerk of the circuit court exceeds the Compensation Board’s authorized and reimbursable office expenses for that office (“excess fees”), a portion of the current fee is refunded to the locality. Excess fees are distributed two-thirds to the Commonwealth and one-third to the locality.

In calendar year 2018, there were 37 clerks’ offices that processed a total of 17,228 passport applications. In FY2019, six of those 37 offices collected sufficient “clerks’ fees” to be eligible to have one-third of excess fees refunded to their locality. These six offices processed 5,625 (33%) passport applications. Based upon a \$35 passport application processing fee, \$602,980 was deposited to the Commonwealth and \$65,625 was refunded to localities, with a net of \$537,355 retained as revenue to the Commonwealth.

The proposed bill would split the \$35 fee between the Commonwealth (\$10) and local clerk offices (\$25). Using the same FY2019 data shown above, a total of \$172,280 would be deposited to the Commonwealth and of that amount, \$18,750 would be refunded as “excess fees” to localities, leaving a net of \$153,530 retained as revenue to the Commonwealth.

Therefore, the fiscal impact to the Commonwealth would be a loss in revenue of \$383,825 (\$537,355-153,530). Localities would realize a net revenue increase of \$383,825.

9. Specific Agency or Political Subdivisions Affected: Circuit court clerks

10. Technical Amendment Necessary: No

11. Other Comments: None