

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB1952

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Villanueva

**3. Committee:** Courts of Justice

**4. Title:** Compensation and expenses of clerks of certain circuit courts; Virginia Beach.

**5. Summary:** Allows the clerk of the circuit court of City of Virginia Beach to be excluded from the current revenue sharing mandate. The proposal permits the City to retain the funds the office collects but requires the City to assume the salaries and expenses of the circuit court clerk's office.

**6. Budget Amendment Necessary:** Yes. Revenue, Page 1.

**7. Fiscal Impact Estimates:** Preliminary.

**7b. Revenue Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i>  |
|--------------------|----------------|--------------|
| 2011               | \$0            |              |
| 2012               | (\$1,500,000)  | General Fund |
| 2013               | (\$1,500,000)  | General Fund |
| 2014               | (\$1,500,000)  | General Fund |
| 2015               | (\$1,500,000)  | General Fund |
| 2016               | (\$1,500,000)  | General Fund |
| 2017               | (\$1,500,000)  | General Fund |

**8. Fiscal Implications:** According to the Compensation Board, the proposed legislation will have an annual loss to state revenues of at least \$1.5 million.

Under this proposal, all fees collected by the clerk would remain with the City of Virginia Beach and be deposited to its general fund. The City would be required to provide funding from its treasury to cover the expenses of the clerk's office, including all salaries, with minimum budget levels continuing to be set by the Compensation Board. Any excess fees would remain with the City. Based upon the current formula for sharing in excess fees and based upon actual FY10 fee collections, this proposal would represent an annual loss to Commonwealth revenues of at least \$1.5 million. Under the current sharing formula, one-third of the excess fees collected by the clerk are returned to the locality that collected the fees and two-thirds of the excess remains with the Commonwealth. The Commonwealth's share is intended to help cover the cost of operations in smaller, more rural localities' clerk

offices that do not collect enough fees to support base costs of operations, thereby providing a consistent level of services to citizens statewide.

Presently three other localities operate in the same manner as is proposed for the City of Virginia Beach. The Cities of Newport News, Richmond and Roanoke retain all fees and pay all expenses of their clerks' offices, pursuant to this same section of the Code of Virginia. This has been the case since the early 1970s for Richmond and Newport News, and subject to a 1982 charter change for the City of Roanoke.

**9. Specific Agency or Political Subdivisions Affected:** City of Virginia Beach.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 1/17/2011

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