

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** HB1799

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

**2. Patron:** Heretick

**3. Committee:** House Committee for Courts of Justice

**4. Title:** Eliminates accrual of interest on fines and costs in criminal cases and traffic infractions

**5. Summary:** The bill provides that no interest shall accrue on any fine or costs imposed in a criminal case or in a case involving a traffic infraction on or after July 1, 2019. Further, the bill stipulates that interest shall cease to accrue as of July 1, 2019 on any fine or costs imposed on such cases prior to July 1, 2019. The bill also provides that the interest be waived for persons who owe fines and costs on which interest accrued during a period of their incarceration upon certification of the period of incarceration by the superintendent, sheriff, warden or other official in charge of a correctional facility, or their designee on a form developed by the Office of the Executive Secretary of the Supreme Court.

**6. Budget Amendment Necessary:** Yes

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

**8. Fiscal Implications:** According to data compiled by the Office of the Executive Secretary of the Supreme Court, a total of \$10,357,203 was collected in interest paid on fines and costs imposed in criminal cases or cases involving a traffic infraction in FY 2018. If the fine or cost was derived from a violation of a Commonwealth offense, the collections along with any associated interest was deposited into the Literary Fund. If the fine or cost was derived from a violation of a local ordinance, the collections along with any associated interest went to the locality.

As proposed in the introduced budget, all Literary Fund revenues are committed either to debt service payments on education technology bonds, payment of teacher retirement, or as loans for local school construction. Any reduction in revenues deposited to the Literary Fund will either have to be replaced by an equal amount of general fund support or result in less funds being available for loans supporting local school construction. Based on the present Literary Fund forecast showing future declining revenues, the impact of this legislation in fiscal year 2020 will likely only reduce the availability of Literary Fund revenue that can be used for loans for local school construction; however, for the 2020-2022 biennial budget, offsetting general fund support may be required related to teacher retirement.

The following table provides a breakdown of the interest paid in FY 2018.

<b>FY 2018 Interest Paid</b>			
<b>Court</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
Circuit	\$4,071,683	\$1,593,791	\$5,665,474
General District	2,989,642	1,449,823	4,439,465
Juvenile & Domestic Relations	222,800	29,464	252,264
Total for all courts	\$7,284,125	\$3,073,078	\$10,357,203

Future impacts to state and local revenue may vary due to changes in the number of criminal violations and traffic offenses, and also in the interest rates that might have been earned.

**9. Specific Agency or Political Subdivisions Affected:** Literary Fund, Department of Education and localities

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None