

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB266

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ 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, 2020. Further, the bill stipulates that interest shall cease to accrue as of July 1, 2020, on any fine or costs imposed on such cases prior to July 1, 2020. 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 \$9,966,017 was collected by the state and local governments in interest paid on fines and costs imposed in criminal cases or cases involving a traffic infraction in FY 2019. If the fine or cost was derived from a violation of a Commonwealth offense, the collections along with any associated interest were 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.

The following table provides a breakdown of the interest paid in FY 2019.

| FY 2019 Interest Paid | | | |
|-------------------------------|-------------|-------------|-------------|
| Court | State | Local | Total |
| Circuit | \$4,053,877 | \$1,526,084 | \$5,579,961 |
| General District | 2,796,965 | 1,373,218 | 4,170,183 |
| Juvenile & Domestic Relations | 189,040 | 26,833 | 215,873 |
| Total for all courts | \$7,039,882 | \$2,926,135 | \$9,966,017 |

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 after the debt service and teacher retirement requirements have been met. Depending upon the amount of reduction in revenues deposited to the Literary Fund, any funds lost either will 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.

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