

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 192 (First Edition)

SHORT TITLE: Compliance Court Costs.

SPONSOR(S): Representatives McNeill, Faircloth, Hurley, and Glazier

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:	\$3.9 to \$7.9	\$2.1 to \$4.2	\$2.1 to \$4.2	\$2.1 to \$4.2	\$2.1 to \$4.2
General Fund Expenditures:	\$1.4 to \$0.8	\$1.0 to \$0.5	\$1.0 to \$0.5	\$1.0 to \$0.5	\$1.0 to \$0.5
State Positions:	8.0 to 16.0	8.0 to 16.0	8.0 to 16.0	8.0 to 16.0	8.0 to 16.0
NET STATE IMPACT	\$2.5 to \$7.1	\$1.1 to \$3.7	\$1.1 to \$3.7	\$1.1 to \$3.7	\$1.1 to \$3.7
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
The Administrative Office of the Courts					
EFFECTIVE DATE: Sections 1 and 3 become effective October 1, 2015. Section 2 becomes effective July 1, 2016.					
TECHNICAL CONSIDERATIONS:					
None					

FISCAL SUMMARY:

Section 1 of this bill adds a \$50 court fee for compliance dismissals granted on or after October 1, 2015. Compliance dismissals do not currently have a court fee. Fiscal Research Division (FRD) estimates that increased revenues to the General Fund would be between \$3,939,169 and \$7,878,338 in FY 2015-16. In the first year, costs to the Administrative Office of the Courts (AOC) would include technology costs ranging from \$348,916 to \$567,236 and personnel costs ranging between \$385,282 recurring and \$21,260 nonrecurring for two assistant district attorney and six deputy clerks to \$770,564 in recurring funds and \$43,240 in nonrecurring funds for four assistant district attorneys and 12 deputy clerks. Total estimated costs for AOC in FY 2015-16, therefore, range from \$755,458 to \$1,381,040.

Section 2 modifies the new \$50 court fee starting in FY 2016-17. If paid in person to the clerk of court, the compliance dismissal fee would remain \$50, but if using an online system, the fee would be reduced to \$10. FRD estimates that increased revenues to the General Fund would be between \$2,100,890 and \$4,201,781 in FY 2016-17 and thereafter. Costs to AOC would range between \$513,709 and \$1,027,418 for personnel starting in FY 2016-17 and continuing into subsequent years.

BILL SUMMARY:

Section 1 of this bill adds new G.S. 7A-304.1. Subsection (a) allows an individual to provide proof of compliance to the district attorney in lieu of paying fines and court costs or making a court

appearance. The district attorney may voluntarily dismiss the charge or charges in exchange for a signed waiver of appearance and payment of \$50 in court costs per citation. These costs will be remitted to the General Fund. Subsection (b) defines “compliance” and lists fifteen offenses for which compliance in exchange for a voluntary dismissal is approved. These offenses include traffic infractions, such as no operator’s license, registration violations, or unsafe tires. Subsection (c) directs the district attorney to provide written notice that compliance might result in the dismissal of the charge or charges without the requirement to pay any court costs.

Section 2 amends new G.S. 7A-304.1(a) to stipulate that the \$50 will be charged if paid in person to the clerk of court and \$10 will be charged if paid through the electronic payment system.

Section 3 directs the Administrative Office of the Courts (AOC), in consultation with the Conference of District Attorneys and Conference of Clerks of Superior Court, to (i) develop a procedure and establish guidelines for the acceptance of compliance costs, (ii) study the structure of the compliance costs and make any recommendations for changes, and (iii) establish a system for the electronic payment of compliance costs and updating the record. Section 3 sets a deadline to have this system available in all counties by July 1, 2016, and AOC shall report on its progress by May 1, 2016.

Section 2 becomes effective July 1, 2016, and applies to dismissals granted on or after that date. The remainder of this bill becomes effective October 1, 2015, and applies to dismissals granted on or after that date.

ASSUMPTIONS AND METHODOLOGY:

Section 1

Section 1 of this bill adds a \$50 court fee for compliance dismissals granted on or after October 1, 2015. Compliance dismissals do not currently have a court fee. In calendar year 2014, there were 210,089 cases filed in North Carolina courts that contained only compliance dismissal-eligible cases. Some offenders charged with compliance dismissal-eligible charges may choose to appear before a district court judge because of the possibility that a judge may dismiss the charge and waive the costs (See Technical Considerations). However, an appearance before a judge would take more time and effort, so a conservative estimate of the maximum number of offenders who would chose to appear before a judge rather than dismiss the charges with a district attorney would be 50 percent.

Assumptions:

- 210,089 is a typical number of cases with compliance dismissal-eligible charges.
- At least 50 percent of these cases would be addressed through the compliance dismissal process and incur the \$50 fee rather than involving an appearance before a district court judge who may waive all costs because of the time and effort involved in the latter process.
- The fee applies to compliance dismissals granted on or after October 1, 2015 and will be in effect for nine months, or 75 percent of FY 2015-16.

Assuming the previous three factors, increased revenues to the General Fund in FY 2015-16 would be **\$3,939,169**.¹ Changing the second assumption to the maximum of 100 percent of these cases being dismissed through the process, increased revenues to the General Fund in FY 2015-16 would be **\$7,878,338**.² Table 1 outlines the calculated revenues in the minimum and maximum estimates.

Table 1: Revenues from compliance dismissal fees, FY 2015-16, minimum and maximum

	Cases handled by compliance dismissal process (50% minimum)	Cases handled by compliance dismissal process (100% maximum)
Number of cases	105,044.5	210,089
\$50 compliance dismissal fee (annualized)	\$5,252,255	\$10,504,450
October 1, 2015 effective date (75% of FY 2015-16)	\$3,919,169	\$7,878,338

Section 2

Section 2 modifies this \$50 court fee as of July 1, 2016 to set the compliance dismissal fee to \$50 if paid in person to the clerk of court, but \$10 if paid online.

Assumptions:

- 210,089 is a typical number of cases with compliance dismissal-eligible charges.
- At least 75 percent of the cases that incurred the \$50 fee in FY 2015-16 would use the online system and incur a \$10 fee in FY 2016-17 and thereafter.
- Between 50 percent and 100 percent of all compliance dismissal-eligible cases would be addressed through the compliance dismissal process rather than an appearance before a district court judge.

Assuming the previous three factors, revenues from the new compliance dismissal fees for FY 2016-17 and thereafter would range from **\$2,100,890** (representing the minimal 50 percent of eligible cases being addressed through the process, with 75 percent of those going through the online system)³ to **\$4,201,781** (representing the maximum of 100 percent of eligible cases being addressed through the process with 75 percent of those using the online system)⁴. Table 2 outlines the calculated revenues in the minimum and maximum estimates.

¹ 210,089 cases x 50% minimum = 105,044.5 x \$50 fee = \$5,252,255 x 9/12 months in FY 2015-16 = \$3,939,169.

² 210,089 cases (100% maximum) x \$50 fee = \$10,504,450 x 9/12 months in FY 2015-16 = \$7,878,338.

³ Online system fees: 210,089 cases x 50% minimum = 105,044.5 x 75% paying online = 78,783.4 x \$10 fee = \$787,834. In person fees: 210,089 cases x 50% minimum = 105,044.5 x 25% paying in person = 26,261.1 x \$50 fee = \$1,313,056. \$787,834 collected through online fees + \$1,313,056 in-person fees = \$2,100,890.

⁴ Online system fees: 210,089 cases x 75% paying online = 157,566.8 x \$10 fee = \$1,575,668. In person fees: 210,089 cases x 25% paying in person = 52,522.3 x \$50 fee = \$2,626,113. \$1,575,668 collected through online fees + \$2,626,113 in-person fees = \$4,201,781.

Table 2: Revenues from compliance dismissal fees, FY 2016-17, minimum and maximum

Cases handled by compliance dismissal process (50% minimum)		Cases handled by compliance dismissal process (100% maximum)	
105,044.5 cases		210,089 cases	
Online System (75% of minimum)	In Person (25% of minimum)	Online System (75% of maximum)	In Person (25% of maximum)
78,783.4 cases	26,261.1 cases	157,566.8 cases	52,522.3 cases
\$10 fee	\$50 fee	\$10 fee	\$50 fee
\$787,834	\$1,313,056	\$1,575,688	\$2,626,113
\$2,100,890 total		\$4,201,781 total	

The increase in demand on court personnel in Sections 1 and 2 has a fiscal impact under the minimum scenario of **\$385,282 in recurring funds and \$21,260 in nonrecurring funds in FY 2015-16 and \$513,709 recurring in subsequent years**. Assuming that defendants in 50 percent of the 210,089 cases elect to pay the \$50 compliance dismissal fee and an assistant district attorney takes an additional two minutes over the current practice to handle the case and explain the process and fee, as well as to provide the written notice required in new G.S. 7A-304.4(c), there will be a need statewide for two new assistant district attorney (ADA) full-time equivalent positions (FTE). To handle the resulting annual 105,045 payments of \$50, there will be a need for an additional six deputy clerks of superior court FTE. The total fiscal impact of these additional positions is \$385,282 recurring and \$21,260 nonrecurring in FY 2015-16, taking into account the October 1, 2015 effective date. In subsequent years, the cost of these two ADA and six deputy clerk FTE would be \$513,709.

Under the maximum scenario, these numbers would essentially double, leading to a fiscal impact of **\$770,564 in recurring funds and \$43,240 in nonrecurring funds in FY 2015-16 and \$1,027,418 recurring in subsequent years**. This estimate assumes that defendants in 100 percent of the 210,089 cases would elect to pay the compliance dismissal fee, either in person or online starting in FY 2016-17. This would lead to a statewide need of four new ADA FTE and 12 new deputy clerk of superior court FTE. This estimate also takes into account the October 1, 2015 effective date in FY 2015-16.

Section 3 requires AOC to develop a system for the acceptance of electronic payment of compliance costs and updating the record. Development of this system could take one of two approaches.

1. In the more basic option, AOC's payNCticket application would be modified to:
 - allow a defendant to enter a compliance dismissal request,
 - allow the district attorney to review the request, view the proof of compliance uploaded by the defendant, and approve or deny the request,
 - notify the defendant of the decision and provide instructions about paying the court cost through payNCticket, and
 - update the court's electronic record.

This option is estimated to require 5,458 total hours in technology time and training of court personnel, which would lead to a need for **\$348,916** in additional funds to AOC. Because AOC's Technology Services Division staff is fully engaged with current technology projects, any additional projects will require additional resources in the form of contracted services or will require a reassignment from current Judicial Branch priorities, which would delay current projected deadlines.

2. In the more secure option, AOC's payNCticket application would be modified as described above with the additional step of AOC creating an interface with DMV to determine compliance in DMV-related offenses. In this scenario, an offender claiming compliance with an expired license offense, for example, could be verified electronically against DMV records rather than relying on the relatively less secure method of requiring the defendant to upload an image of the renewed license or registration card. This option is estimated to require 8,187 total hours in technology time and training of court personnel (which is 2,729 hours more than in the basic option), which would lead to a need for **\$567,236** in additional funds to AOC (which is \$218,320 more than the basic option would cost). The deadline for this project would depend on DMV's timeline to make such changes.

SOURCES OF DATA: Administrative Office of the Courts

TECHNICAL CONSIDERATIONS: None.

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