

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 459 (Senator Miller)
Judicial Proceedings

Referred to Judiciary

Court Administration - Collection of Fees - Public-Private Partnership

This enrolled bill permits the Department of Public Safety and Correctional Services (DPSCS) to enter into contracts with private contractors to collect court-ordered fines, fees, restitution payments, and costs in criminal cases in Harford and Montgomery counties.

The bill requires DPSCS, in consultation with the State Court Administrator, to report on the program to the Chief Judge of the Court of Appeals, the Chief Judge of the District Court of Maryland, the Governor, and the General Assembly by October 1, 1998. The bill is effective July 1, 1997, and terminates June 30, 2001.

Fiscal Summary

State Effect: Indeterminate effect on general and special fund revenues. Potential minimal effect on general fund expenditures.

Local Effect: Potential indeterminate decrease in Harford and Montgomery counties revenues. No effect on expenditures.

Small Business Effect: Potential meaningful effect as discussed below.

Fiscal Analysis

Background: Restitution, fines, and court costs in criminal cases are collected by the clerks of the courts and the Division of Parole and Probation.

In fiscal 1996 the Division of Parole and Probation (DPP) was ordered to collect \$50 million in fines, costs, fees, and restitution from 22,412 offenders. Of this amount, DPP collected \$9.4 million. As many offenders pay over time and some may be currently incarcerated with no means to earn money, this figure does not represent the total amount that will be collected.

About 6.8% (\$640,122) of the \$9.4 million funds was collected from Harford and Montgomery counties. In Harford County the division was ordered to collect \$1.2 million from 1,073 offenders, and in Montgomery County the division was ordered to collect \$3.2 million from 2,046 offenders.

State Revenues: Any change in revenues would depend on (1) the amount of restitution and court fees imposed by the courts; (2) the vendor's success at obtaining payment; and (3) the percentage that a vendor retains. Any such change cannot be reliably estimated at this time. It is assumed that a private vendor would not be retained if the contract did not require the vendor to collect more than the clerks and the Division of Parole and Probation (DPP).

The clerks of the courts collect a variety of fees and fines which go to the general fund and other funds. Some of these fees are collected before the final decision in a case. If the vendor received a portion of these fees, general fund revenues could decrease. However, to the extent that the vendor is more successful in collecting funds than the DPP, these revenues could increase.

The DPP adds a 2% collection fee on restitution that it collects from offenders. In fiscal 1996 the DPP collected \$66,200 from this fee. To the extent that this fee is collected by DPP in Harford and Montgomery counties, general fund revenues would decrease. For illustrative purposes, assuming a constant amount of revenue and 6.8% of this amount is from Harford and Montgomery counties, general fund revenues could decrease by \$4,500 annually.

In addition, the DPP collected \$4.5 million in other costs and fees. Some of these amounts went to special funds such as the Criminal Injuries Compensation Fund and the Victims of Crime Fund, and some went to the general fund. As the bill requires that the vendor's compensation be based upon a delinquency fee for the collection of restitution, a percentage of the funds collected, or a combination of payment mechanisms, these fund revenues could decline. Assuming 6.8% of these funds came from Harford and Montgomery counties, annual revenues could decline by \$3,060 for each 1% the vendor retains. However, to the extent that the vendor is more successful in collecting funds than the DPP, these revenues could increase.

The vendor is required to offer employment at a comparable benefit rate to any State employee affected by the transfer of responsibilities. To the extent this provision increases the cost of business for a vendor, the amount retained by the vendor will be higher, and State revenues will be lower.

State Expenditures: The DPP currently has a total of two full-time employees and one temporary employee in the collections unit. Though the bill provides for job placement with the vendor, since there are only three people in the collection unit statewide, it is assumed that these employees would remain in their current positions to handle the other 22 jurisdictions. Further, a 6.8% workload reduction is not expected to materially affect the division's expenditures.

Local Revenues: The clerks of the courts collect a variety of fees and fines. Most of these revenues in the circuit courts go to the local jurisdiction. Some of these fees, such as the advanced filing fee in Harford County, are collected before the final decision in a case. If the vendor received a portion of these fees, local revenue could decrease. Any such decrease could be at least partially offset to the extent that these fees are not paid and the vendor is more successful than the State at recovering these fees. The amount of any such change cannot be reliably estimated at this time.

Small Business Effect: To the extent that a small business vendor would be awarded the contract to collect court ordered fines, fees, and costs in Harford and Montgomery counties, small business revenues would increase significantly.

Information Source(s): Department of Public Safety and Correctional Services (Division of Parole and Probation), Judiciary (Administrative Office of the Courts), Department of Fiscal Services

Fiscal Note History: First Reader - February 25, 1997
mld Revised - Senate Third Reader - March 25, 1997
Revised - Enrolled Bill - April 23, 1997

Analysis by: Lori Caldwell-Valentine	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710