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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/17
LAST UPDATED 1/30/17 **HB** 81/aHJC

SPONSOR Gentry

SHORT TITLE General Fund Support for the Judiciary **SB** _____

ANALYST Downs

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Impact	Recurring or Nonrecurring	Fund Affected
Total	NFI	\$21,800.0	\$21,800.0	\$43,600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of House Judiciary Committee amendment

The House Judiciary Committee amendment addressed concerns that the original bill benchmarked the judiciary’s appropriations at 3 percent of general fund revenues, as opposed to general fund appropriations. The committee amendment struck the portions of the original bill that specified revenue sources, leaving language requiring a 3 percent benchmark of recurring general fund appropriations. It also changed the effective date to fiscal year 2018 as opposed to fiscal year 2019.

Synopsis of Original Bill

House Bill 81 creates a new statutory section to establish a benchmark for appropriations to the judiciary equal to 3 percent of projected recurring general fund revenue available for appropriation in a fiscal year, after excluding certain earmarked revenue such as land grant permanent fund income.

FISCAL IMPLICATIONS

The December 2016 consensus revenue estimate for FY18 recurring general fund revenue was \$5.9 billion. Assuming total appropriations equal total December revenues, at a 3 percent benchmark of total appropriations the judiciary would receive \$177.9 million. This represents an increase of \$21.8 million, or 14 percent over the judiciary's current unified budget request of \$156.1 million.

If earmarked revenue from the land grant permanent fund and federal Mineral Leasing Act was taken out, as specified by the original bill, the total is \$4.9 billion. A benchmark of 3 percent would put the judiciary's total budget at least \$147.4 million. The FY17 adjusted operating budget was \$156.1 million, so that benchmark would be \$8.7 million less than current year operations.

SIGNIFICANT ISSUES

According to AOC, typically, a governmental program's finances are measured as a percentage of the total recurring general fund appropriations for state government such as the benchmark laid out in the amended House Bill 81, as opposed to a percentage of certain revenues, as outlined in the original bill. Over the past 10 years, the judiciary has accounted for about 2.5 percent of total general fund appropriations annually. Funding for the Judiciary dipped to 2.48 percent of overall appropriations in FY12 and reached a high point of 2.76 percent in FY10. AOC reported that in other states that also have a unified judicial branch the legislature appropriates a specific percentage of general fund appropriations, usually 3 percent, though the majority of states do not have a unified judiciary, making it difficult to compare judicial funding levels across the country.

AOC reported that, according to the National Center for State Courts, the executive branch cannot amend a budget request from the judiciary in 29 states and the District of Columbia, while the executive branch can amend or recommend changes to the judiciary budget requests in at least 17 states, including New Mexico. AOC also stated at least 10 states submit the judiciary's budget as a separate bill. In New Mexico, the General Appropriations Act includes at least 61 line items for judiciary appropriations while in three states the entire judiciary budget is appropriated in a single line item.

PERFORMANCE IMPLICATIONS

Additional funding for the judicial branch would improve performance across the state courts from drug court programs, to jury trials, to disposition rates.

JD/al/jle/sb/jle