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FISCAL IMPACT REPORT

ORIGINAL DATE 02/17/11

SPONSOR Sanchez, M. LAST UPDATED _____ HB _____

SHORT TITLE Increase Magistrate Courts Operations Fee SB 277

ANALYST Sanchez, C.

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
\$70	\$250	\$250	Recurring	Magistrate Operations Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of Bill

Senate Bill 277 changes the temporary magistrate court operations fee enacted in the 2010 session, charged on penalty assessment misdemeanors, from \$4.00 to \$7.00. The bill does not change the “sunset” or expiration date for this fee, which is May 31, 2014. The fee will continue to be collected only on traffic citations that do not require a court appearance and where the driver decides to pay the citation to the Motor Vehicle Division rather than contest the citation in court.

FISCAL IMPLICATIONS

Revenue from this bill will compensate for the deficiency in the magistrate court operations budget, and should enable the magistrate courts statewide to remain open without imposing unpaid employee furloughs. If furloughs can be avoided judge and staff time can be devoted to processing the increased case load.

According to the AOC, the shortfall between magistrate courts requested funding and recommended appropriations for FY 12 ranges from \$762,100 (LFC recommendation) to \$1,153,600 (DFA recommendation). Even from the net FY 11 appropriations, after the October 3.2% reduction (which amounted to a reduction of \$743,200), the, the recommendations leave a shortfall of \$173,900 (LFC) or \$565,400 (DFA). To operate within the FY 11 appropriations, the magistrate courts required an infusion of \$180,000 in ARRA (federal stimulus) funds to avoid widespread closing of courts and furlough of employees. To accommodate these deficits by closing courts and furloughing employees, assuming 100% participation in furloughs on a voluntary basis by all 66 magistrates, “saves” the magistrate budget \$60,000 per day. Under such circumstances, the public is denied services, cases are merely deferred until the court can be open for business, and employees who support their families on average salaries of about \$30,000 suffer further erosion in their pay.

SIGNIFICANT ISSUES

The \$3 increase to the existing operations fee that expires in May 2014 will provide revenue to fund court operations until the general fund is better able to support court operations. MVD makes collection on about 150,000 penalty assessment citations annually, so that the \$3 increase can be expected to add about \$450,000 to the budget for magistrate court operations. Any funds generated will be spent 100% in magistrate courts, and none of the funds pay for personnel or operating costs of the AOC Magistrate Court Division, which is budgeted in the AOC’s appropriations. Assuming the appropriations for FY 12 are at or close to the LFC recommendation, the revenue from the addition of \$3 to the existing temporary \$4 operations fee will allow courts to remain open full-time, avoid employee furloughs, and ensure the AOC can make lease payments on magistrate facilities in FY 12.

According to the AOC, magistrate courts have been operating with a vacancy rate of 11.61% statewide, a personnel shortage that increases to 12.83% if magistrate positions funded by warrant enforcement revenues are included. Case filings continue to rise, supporting a need for 7.47 additional magistrate judges statewide. The magistrate courts are gaining efficiencies as they implement the new Odyssey case management system, but that process will not be completed until the end of calendar year 2012. Renegotiations of facility leases and savings from closed facilities reduced lease expenditures in FY 11 by \$140,500. The vacancy rate and spending reductions undertaken so far leave no room to accommodate the funding shortfall proposed for FY 12 other than by court closings and furloughs. SB 277 will provide the magistrate courts with adequate funding to stay open and operations during FY 12.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Some courts may face furloughs in fiscal year 2012.