



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 589** HLS 23RS 255
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP HSE COMM AMD**
 Sub. Bill For.:

Date: May 2, 2023	8:38 PM	Author: ZERINGUE
Dept./Agy.: Judiciary		
Subject: Judges' Supplementation Compensation Fund		Analyst: Kimberly Fruge

FUNDS/FUNDING OR INCREASE SD EX See Note Page 1 of 1
 Provides relative to the Judges' Supplemental Compensation Fund

Proposed law provides for the Judges' Supplemental Compensation Fund within the state treasury; provides that the fund shall be used exclusively for administrative expenses, related costs of state retirement funds and Medicare contributions, and for state supplements to judges and commissioners; repeals the Judges' Supplemental Compensation Fund Board; updates the base fee to no less than \$27.50; requires the Supreme Court establish a portal for the clerks to remit the filing fees and documentation electronically; provides for the process by which the judicial administrator reviews and distributes supplemental pay; provides for a minimum cash balance of \$750,000; provides that administration expenses cannot exceed 1.5% of the monies collected each year and allows the payment portal be considered an administrative expense.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$73,000	\$65,720	\$69,663	\$73,843	\$78,274	\$360,500
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase one-time expenditures by \$104,000 in FY 24 to build an electronic payment portal with subsequent recurring costs of approximately \$62,000 starting in FY 24 to maintain the portal. Proposed law allows the Supreme Court to use 1.5% of the Judges' Supplemental Compensation Fund for administrative purposes and provides that the payment portal be considered an administrative expense.

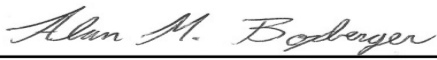
The Supreme Court does not have the resources to create and maintain a portal for electronic payment without contracting to an outside technology company that would build and maintain the system. The Supreme Court estimates a one-time increase of \$104,000 to create a portal with a recurring cost to maintain the portal. The Supreme Court estimates maintaining the system will cost \$62,000 in FY 24 and estimates a 6% increase in costs year-over-year (FY 25 - \$65,720; FY 26 - \$69,663; FY 27 - \$73,843; FY 28 - \$78,274). Maintenance of the portal can likely be covered by the fund through administrative expenses, however the Supreme Court would need SGF for the initial building of the portal. To the extent the base fees do not cover the full cost of maintenance in the out years, SGF may be needed to cover the difference. For illustrative purposes, the fund revenue in FY 22 was \$4,849,193, which would allow for approximately \$73,000 to be used for administrative purposes. For the purpose of this fiscal note, the LFO assumes \$73,000 will be available in FY 24 to cover some of the costs related to building and maintaining the portal.

The Supreme Court indicates they will likely need additional personnel hours to test the portal and train the 124 clerks of courts on how to use the portal. The number of increased hours for these purposes is unknown until the portal is built and operating. Any increase in expenditures for this purpose would require additional SGF dollars. The LFO cannot corroborate the workload needs anticipated by the Supreme Court. To the extent the additional workload is less than what the Supreme Court anticipates, the additional workload may be absorbable using existing staff and resources.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law changes the base fee from no less than \$10 to no less than \$27.50 in statute. Current law allows the Supreme Court to review the base fee and increase it annually based on the Consumer Price Index. The Supreme Court notes that the current base fee being charged is \$27.50.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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