



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 1206 HLS 14RS 2420
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: June 20, 2014 4:16 PM; Author: LEGER; Dept./Agy.: City of New Orleans and Courts; Subject: Consolidation, Transfer/Sale of Property; Analyst: Richard Aultman

COURTS EN SEE FISC NOTE Page 1 of 2
Provides for the consolidation of the New Orleans Traffic and Municipal Courts

Purpose of Bill: This measure provides for the consolidation of the New Orleans Traffic Court and the New Orleans Municipal Court with one clerk of court and one judicial administrator. The measure further provides for the technical changes necessary to consolidate the courts, which would become effective January 1, 2017. The measure also creates the New Orleans Municipal and Traffic Court Task Force, which is charged with studying and establishing the methods and procedures for the consolidation of the courts. The members of the task force shall serve without compensation or per diem and submit a report of findings and recommendations prior to the start of the 2015 Regular Session of the Legislature. This measure further provides that the commissioner of administration shall have the authority to enter into a cooperative endeavor agreement with the city of New Orleans to transfer certain properties to the city of New Orleans for the appraised value or in exchange for value equal to the appraised value.

Table with 7 columns: EXPENDITURES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This measure's consolidation provisions and property sale/transfer provisions may impact local government expenditures. However, due to certain administrative decisions that may be made and different fiscal scenarios that may occur, the overall impact is indeterminable at this time (see detailed explanation below).

Consolidation/Staffing Impact: When the courts are consolidated, one clerk of court and one judicial administrator will be eliminated, which will result in a decrease in local government expenditures in fiscal year 2017 of approximately \$102,000 (including benefits). This is due to the law becoming effective halfway through fiscal year 2017. In fiscal years 2018 and 2019, there will be a decrease of approximately \$204,000 annually.

Further changes in staffing expenditures are indeterminable at this time. Such changes depend on the methods and procedures recommended by the task force regarding the consolidation of the courts.

Expenditure Explanation continued on page 2.

REVENUE EXPLANATION

If this bill is providing for new fees, there may be an increase in local government revenues. However, if the bill is allowing the consolidated court to collect fees that are currently in law, there will be no impact on revenues. In addition, there may be an increase in state general fund revenues if/when the state sells the property to the city of New Orleans. However, the actual impact related to this sale/transfer is indeterminable at this time.

Consolidation Impact: The measure may provide for additional court costs of \$45 for traffic cases and \$35 for municipal cases. Using the approximate number of cases for each court (35,000 for traffic court and 25,000 for municipal court, and assuming that only 40% of municipal court costs will be collected), this may increase local government revenues by approximately \$962,500 in fiscal year 2017 and \$1,925,000 annually beginning in fiscal year 2018. However, another interpretation of the measure may suggest that it provides that the court will continue to charge the court costs each is currently charging and the provisions of the measure merely serve to consolidate the cost statutes for each court. According to an official with the New Orleans Traffic Court, this measure may increase local government revenues as the bill will allow the court to collect additional court costs. According to an official with the New Orleans Municipal Court, the court costs provided in this measure are merely allowing the consolidated court to collect what is currently being charged. Revenue Explanation continued on page 2.

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin
Director of Advisory Services



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**CONTINUED EXPLANATION from page one:**  
**Expenditure Explanation Continued (from page 1)**

**Consolidation/Administrative Impact:** If the courts are consolidated, there may be an increase in expenditures necessary to modify the court's case management systems and make other administrative adjustments as necessary. One of our contacts informed us that expenditures to consolidate computer systems may be as much as \$300,000 initially and \$60,000 to \$120,000 in maintenance thereafter. However, the actual costs will be dependent on the recommendations of the task force.

**Property Sale/Transfer Impact:** The properties subject to this measure include the former Louisiana State Supreme Court site and the former state office building site located at 325 Loyola Avenue, New Orleans, Louisiana. Both facilities were demolished as a result of damages from Hurricane Katrina. We were unable to determine the appraised value of these properties. However, according to information provided by the Office of State Lands's Asset Management Report, the approximate land value of these properties is currently **\$4 million**.

If the city of New Orleans enters into an agreement with the commissioner of administration to **purchase** either or both of the properties, there may be an increase in local government expenditures for the amount of the appraised value of the properties. The measure also allows the commissioner and the city to enter into an agreement to **transfer** the property in exchange for value equivalent to the appraised value. If such a transfer is agreed upon and occurs, there could be no overall fiscal impact. The ultimate impact on governmental expenditures (and timing of that impact) **depends upon the agreement entered into between the commissioner of administration and the city of New Orleans**.

In addition, according to the Office of State Lands, the current annual operating and maintenance expense of this property is approximately \$83,000. If the state transfers this property and is no longer required to maintain it, there may be a decrease in state general fund expenditures. If and when New Orleans takes ownership, there may be an increase in local government expenditures necessary to maintain the property.

**Revenue Explanation Continued (from page 1)**

**Property Sale/Transfer Impact:** Currently, the state owns the property subject to this measure. If the commissioner of administration enters into an agreement with the city of New Orleans to **purchase** the property for the appraised value, state general fund revenues may increase by that amount. We were unable to determine the appraised value of these properties. However, according to information provided by the Office of State Lands's Asset Management Report, the approximate land value of these properties is currently **\$4 million**.

The measure also allows the commissioner and the city to enter into an agreement to **transfer** the property in exchange for value equivalent to the appraised value. If such a transfer is agreed upon and occurs, there could be no overall fiscal impact.

The ultimate impact on governmental revenues (and timing of that impact) **depends upon the agreement entered into between the commissioner of administration and the city of New Orleans**.

Senate      Dual Referral Rules      House       6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

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**Director of Advisory Services**