



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: **HB 659** HLS 16RS 1263

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 26, 2016	9:23 AM	Author: JAMES
Dept./Agy.: City Courts		
Subject: Court Cost Collection Fees		Analyst: Bobby Trahan

COURTS

Provides with respect to court costs

RE SEE FISC NOTE LF RV

Page 1 of 2

Purpose of the Bill: The proposed bill would allow: 1) an outside collection agency to charge a collection fee not to exceed twenty-five percent of the balance owed, 2) the collection fee charged would be deducted from the total amount of the debt owed, and 3) collection of the debt by an outside agency shall only commence after a demand letter is sent to the obligor’s address of record giving the obligor thirty days from the date of the demand letter to pay the total amount due.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

There could be an increase in the expenditures for city courts as a result of this bill, if an outside collection agency is used. This bill would require that a demand letter be sent out giving the obligor 30 days from the date of the letter to pay the total amount due, only then could any unpaid amounts be sent to a private collection agency. We are unable to determine the total impact statewide, however, we contacted several municipal courts and obtained the following information:

An official with the Hammond City Court indicated it would have cost the court approximately \$15,000, if it would have had to send demand letters for the 30,000 cases it transferred to an outside collection agency for the period of April 2015 to April 2016.

An official with the Baton Rouge City Court, which does not use an outside collection agency, indicated that if the court were to use an outside collection agency, the estimated cost to send out the demand letters would be about \$7,300 just for the paper, envelopes, postage, etc.

REVENUE EXPLANATION

There could be a decrease in the revenues collected by city courts as a result of this bill, if an outside collection agency is used. We are unable to determine the total impact statewide, however, we contacted several municipal courts and obtained the following information:

An official with the Abbeville City Court stated that under the language of this bill, the cost of collection could reduce the amount due to the court and could impact their ability to pay the various costs of court.

An official with the Hammond City Court indicated that under the language of this bill, the court would have received \$63,800 less from April 2015 to April 2016 (if the 25% fee would have been imposed). The Court received approximately \$255,200 from its contracted collection company over that period.

An official with Baton Rouge City Court indicated that if they were to use an outside collection agency and send all outstanding debt to that agency and all outstanding debt was collected, the potential reduction in revenue would be approximately \$1 million. The current amount of outstanding debt owed to the court is approximately \$4 million.



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CONTINUED EXPLANATION from page one:

Senate Dual Referral Rules House

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee
Change {S&H}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase
or a Net Fee Decrease {S}


Michael G. Battle
Manager, Advisory Services