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Learsutive	Fiscal Note On:	HB 659 HLS 16RS 1263					
Audiors	Bill Text Version:	REENGROSSED					
	Opp. Chamb. Action:						
	Proposed Amd.:						
A. INCHUN 0725	Sub. Bill For.:						
Date: April 26, 2016 9:23 A	۹ A ι	Ithor: JAMES					
Dept./Agy.: City Courts							
Subject: Court Cost Collection Fees	An	alyst: Bobby Trahan					
COURTS	DE SEE EISC NOTE LE DV	Page 1 of 2					

Provides with respect to court costs

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.

RE SEE FISC NOTE LF RV

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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					
Annual Total						
REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	2019-20	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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					
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.

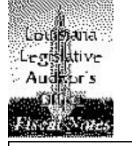
<u>Senate</u>	Dual Referral Rules	<u>House</u>		
13.5.1 >= \$	100,000 Annual Fiscal Cost {S&	H}	6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	6
	500,000 Annual Tax or Fee Change {S&H}		$6.8(G) >= $500,000 \text{ Tax or Fee Increase} $ or a Net Fee Decrease {S}	M M

M. G. Battle

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CONTINUED EXPLANATION from page one:

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SenateDual Referral RulesHouse13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}13.5.2 >= \$500,000 Annual Tax or Fee

Change {S&H}

<u>lse</u>

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

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

6. Battle

Michael G. Battle Manager, Advisory Services