

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7681
BILL NUMBER: HB 1777

NOTE PREPARED: Jan 12, 2005
BILL AMENDED:

SUBJECT: Judicial Compensation.

FIRST AUTHOR: Rep. Foley
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 2005	FY 2006	FY 2007
State Revenues		19,751,414	19,751,414
State Expenditures		20,581,099	20,581,099
Net Increase (Decrease)		(829,685)	(829,685)

Summary of Legislation: This bill has the following provisions:

- A. It increases the annual salaries of local judges and appellate court judges.
- B. It establishes a judicial salaries fee of \$19 to be collected in certain civil actions and certain criminal, infraction, and ordinance violation actions.
- C. It provides for the Judicial Salaries Fee to be deposited in the state General Fund.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill would increase the salaries of 593 court officers by varying amounts.

The following table shows the proposed salary increases.

		<u>No. of Officers</u>	<u>Salaries</u>			<u>% Increase</u>
			<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	
Justices, Judges, and Other Court Officers	Supreme Court Justices	5	\$115,000	\$143,195	\$28,195	25%
	Court of Appeals Judges	16	\$110,000	\$139,951	\$29,951	27%
	Trial Court Judges	301	\$90,000	\$121,122	\$31,122	35%
	Magistrates	49	\$72,000	\$96,898	\$24,898	35%
	Juvenile Court Referees	17	\$30,607	\$55,505	\$24,898	81%
Prosecuting Attorneys	Full-Time	71	\$90,000	\$121,122	\$31,122	35%
	Part-Time at 66%	9	\$59,400	\$79,941	\$20,541	35%
	Part-Time at 60%	10	\$54,000	\$72,673	\$18,673	35%
Deputy Prosecuting Attorneys	Full-Time	72	\$67,500	\$90,842	\$23,342	35%
	Deputies at 66%	22	\$44,550	\$59,956	\$15,406	35%
	Deputies at 60%	<u>21</u>	\$40,500	\$54,505	\$14,005	35%
Total Number		<u>593</u>				

Increasing the salaries of trial court judges will also increase the salaries of other court officers which are linked in statute.

- The salaries of magistrates are defined in statute as 80% of the salary of a trial court judge (IC 33-23-5-10).
- The salaries of juvenile court magistrates are also 80% of the salary of trial court judges, but the county pays \$41,393 of the total salary (IC 33-38-5-7). The county share would remain unchanged.
- The salaries of the prosecuting attorneys are the same as the salaries of the judges of the circuit court (IC 33-14-7-5).
- Deputy prosecuting attorneys receive 75% of the salaries of prosecuting attorneys (IC 33-39-6-2).

Prosecuting attorneys may elect to work part-time. If they do, then their salary will either be 60% or 66% of the salary of a full-time prosecuting attorney, depending on whether there are correctional facilities or state mental facilities located in the county in which they serve.

The total cost of this proposal includes the judicial officers' increased salaries and the subsequent increase in the state's contribution to Social Security, FICA, life and disability insurance premiums, and retirement programs. The impact of this bill on the state General Fund is expected to be offset with revenue generated through the Judicial Salaries Fee created by this bill and the added income tax revenue. (See *Explanation of State Revenues*).

The impact on the state General Fund is described in the following table.

Net Effect On State General Fund			
Judicial Officer	Expense Item	FY 2006	FY 2007
Justices, Judges, and Magistrates	Salaries	\$11,680,950	\$11,680,950
	Life and Disability Insurance	\$308,377	\$308,377
	Social Security and Medicare	\$274,342	\$274,342
	Judges' Retirement Fund	\$2,977,059	\$2,977,059
Prosecuting Attorneys and Deputies	Salaries	\$4,894,868	\$4,894,868
	Life and Disability Insurance	\$129,225	\$129,225
	Social Security and Medicare	\$237,458	\$237,458
	Prosecuting Attorneys' Retirement Fund	\$78,820	\$78,820
Additional Expenditures:		<u>\$20,581,099</u>	<u>\$20,581,099</u>
Added Revenue	Court Fees	\$19,187,836	\$19,187,836
	Added Income Tax Revenue	\$563,578	\$563,578
	Additional Revenue:	<u>\$19,751,414</u>	<u>\$19,751,414</u>
NET EFFECT ON STATE GENERAL FUND:		<u>(\$829,685)</u>	<u>(\$829,685)</u>

The bill also changes a formula in IC 33-37-7-9 to provide an additional \$1,484,523 semi-annually (or \$2,969,044 annually) to the Judges' Retirement Fund. The other funds listed in the chapter will receive a nominal increase in revenue.

Semi-Annual Deposits Into Court-Related Programs Under IC 33-37-7-9					
Funds:	Current Law		Proposed Change		Difference
	Percent	Distribution	Percent	Distribution	
Family Violence & Victim Assistance	11.08%	\$742,832	9.07%	\$743,077	\$245
Indiana Judges' Retirement	25.21%	\$1,690,143	38.75%	\$3,174,666	\$1,484,523
Law Enforcement Academy Building	3.52%	\$235,990	2.89%	\$236,769	\$779
Law Enforcement Training	14.19%	\$951,334	11.62%	\$951,990	\$656
Violent Crime Victims Compensation	16.50%	\$1,106,202	13.51%	\$1,106,832	\$629
Motor Vehicle Highway	26.95%	\$1,806,797	22.06%	\$1,807,307	\$509
Fish and Wildlife	0.32%	\$21,454	0.27%	\$22,120	\$667
IN Judicial Center Drug & Alc. Programs	2.23%	\$149,505	1.83%	\$149,926	\$421
TOTALS	100.00%	\$6,704,257	100.00%	\$8,192,686	\$1,488,429

Explanation of State Revenues: The bill establishes a Judicial Salaries Fee of \$19 to be collected in civil filings, juvenile cases, felony convictions, misdemeanor convictions, infractions, and ordinance violation actions in trial courts and city and town courts.

Revenue collected from this fee will be deposited into the state General Fund. This fee is expected to generate approximately \$19.2 M each year.

Estimated Revenue Generated by \$19 Judicial Salaries Fee and Estimated Revenue By Case Category				
<u>Case Category</u>	<u>Trial Courts</u>	<u>City and Town Courts</u>	<u>Totals</u>	<u>Percent</u>
Felonies & Misdemeanors	\$901,706	\$414,143	\$1,315,849	7%
Infractions	\$7,415,231	\$2,536,285	\$9,951,516	52%
Ordinance Violations	\$1,011,743	\$244,453	\$1,256,196	7%
Civil Plenary and Tort	\$1,638,171	\$213,629	\$1,851,800	10%
Juvenile	\$271,179		\$271,179	1%
Small Claims	\$3,295,543		\$3,295,543	17%
Domestic Relations	\$638,881		\$638,881	3%
Probate and Others	\$606,585	\$287	\$606,872	3%
	\$15,779,039	\$3,408,797	\$19,187,836	100%

This additional income that these judicial officers would receive would be subject to the 3.4% state Income Tax. Based on the estimated increase in salaries, the state would collect an additional \$563,578 in income taxes in both FY 2006 and FY 2007.

Added Revenue from State Income Tax				
		FY 2006		FY 2007
Justices, Judges & Magistrates		\$11,680,950		\$11,680,950
Prosecuting Attorneys & Deputies	+	\$4,894,868	+	\$4,894,868
Salary Increase		\$16,575,818		\$16,575,818
State Income Tax Rate	x	3.4%	x	3.4%
Added Income Tax Revenue		<u>\$563,578</u>		<u>\$563,578</u>

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Supreme Court Justices, Court of Appeals Judges, Office of State Court Administration.

Local Agencies Affected: Trial Courts, Prosecuting Attorneys, City and town courts.

Information Sources: 2001, 2002 and 2003 Indiana Judicial Reports.

Fiscal Analyst: Mark Goodpaster, 317-232-9852.