



JUDICIAL COUNCIL OF CALIFORNIA

520 Capitol Mall, Suite 600 • Sacramento, California 95814-3368

Telephone 916-323-3121 • Fax 916-323-4347 • TDD 415-865-4272

TANI G. CANTIL-SAKAUYE
Chief Justice of California
Chair of the Judicial Council

MARTIN HOSHINO
Administrative Director

CORY T. JASPERSON
Director, Governmental Affairs

August 12, 2019

Hon. Anthony J. Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 3086
Sacramento, California 95814

Subject: AB 1310 (Reyes), as amended June 17, 2019 – Fiscal Impact Statement

Dear Senator Portantino:

AB 1310 extends the length of the payment plan period to a minimum of 180 days for individuals who are permitted or ordered to attend traffic violator school (TVS) and authorizes a longer payment plan if necessary due to financial circumstances. Further, the bill requires a court to waive the TVS fee for violators who enroll in TVS if the individual agrees in writing to perform community service. Note, the TVS fee is not an add-on like other fees, but rather, it is the “total bail” amount for the underlying offense¹. Additionally, the bill increases the threshold that a court utilizes to determine if an individual failed to comply with a TVS payment plan by adding the requirement that the court must determine whether or not the failure to pay is willful and without good cause. Finally, it eliminates the \$35 administrative fee that courts are required to charge to establish and maintain TVS payment plans. As a result of these changes, we estimate that AB 1310 will lead to annual revenue reductions of between \$5.1 million and \$10.2 million to court funds.

¹ Under current statute (Vehicle Code 42007(a)(1)(A)) when an individual is ordered or permitted to enroll in TVS the total amount of all assessments, surcharges, and penalty amounts are converted to ‘total bail’ and full payment of this total is required to be made before the individual can complete traffic violator school. This total amount is called the TVS fee.

Fiscal Impact

This bill's fiscal impacts come from the provisions that incentivize defendants to sign up for community service in lieu of paying TVS fees (the total bail amount) with no requirement to actually perform any community service, the new requirement that courts must determine whether or not failure to pay is willful and without good cause, and the elimination of the \$35 administrative fee.

This bill allows individuals to sign-up for community service instead of paying the total bail amount of the underlying traffic offense. However, it does not require an individual to make a showing of financial hardship or to actually complete the community service, but merely to signal their intent to do so in writing. This provision of the bill would lead to reductions in revenues.

In FY 2017 there were 3,564,000 criminal case dispositions statewide, and the fines and fees collected forthwith (i.e. not delinquent debt) from these dispositions totaled \$922.3 million². Of the 3,564,000 total criminal case dispositions, 2,751,000 were traffic infraction dispositions, which represents 77% of all criminal dispositions in FY 2017. We estimate that at least 77% of the total \$922.3 million collected forthwith, or \$710 million, was for traffic violations. Statutory provisions that specify the distribution of fine and fee revenue result in approximately 40% (\$284 million) of these revenues being directed to court operations and construction funds. In FY 2017, approximately 756,000 traffic violators (27 percent) were authorized to attend TVS to eliminate points being assigned to their driving record; this represents approximately \$76.7 million (27% of \$284 million in traffic fine and fee revenue) of the courts' share of traffic violation fines and fees was paid by violators who attended TVS. We believe it is reasonable to assume that the extended payment plan period coupled with the current 34% default rate as well as the added incentive to sign-up for community service would conservatively lead to a 5 to 10 percent reduction in these revenues³. We note that even a 5 percent to 10 percent reduction in TVS fees would result in losses from \$3.8 to \$7.6 million⁴.

The new requirement that courts must determine whether or not failure to pay is willful and without good cause would impose a significant new workload on the courts. We note that a

² Criminal case disposition numbers were obtained from the Judicial Council's 2018 Court Statistics report, available at: www.courts.ca.gov/documents/2018-Court-Statistics-Report.pdf. Revenue values were obtained from the Judicial Council's Report on the Statewide Collection of Court Ordered Debt for 2017-18, available at: www.courts.ca.gov/documents/lr-2018-statewide-court-ordered-debt-2017-18-pc1463_010.pdf.

³ As reported in the Judicial Councils 18-month Statewide Infraction Amnesty Program report, available at: www.courts.ca.gov/documents/lr-2017-JC-statewide-traffic-amnesty.pdf.

⁴ This was calculated by multiplying the \$76.7 million in estimated TVS revenues by 5 percent (\$3.8 million) and 10 percent (\$7.6 million).

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significant number of individuals default on traffic infraction payment plans, with available data indicating these plans have a default rate of 34 percent. The high default rate coupled with this new requirement would require a significant amount of court resources.

The elimination of the required \$35 administrative fee that courts use to recover costs associated with establishing and maintaining payment plans would reduce resources that courts use to provide this service. Specifically, the fee helps support court activities and systems that ensure the accuracy of contact information, such as addresses and phone numbers, as well as the operational costs associated with sending payment reminders and default notices. We note that even if 5 to 10 percent of all individuals that attend traffic violator school also enter into a payment plan, the courts would see a decrease of between \$1.3 to \$2.6 million in administrative fee revenues⁵.

Current Branch Efforts

The judicial branch is implementing a pilot program to allow individuals to address their traffic violations online, including an ability to pay provision⁶. The pilot has an online tool that allows people to look up their traffic citation, answer a series of simple questions and submit a request to the court for a possible reduction in the amount owed⁷. Users can also request a payment plan, more time to pay or to perform community service in lieu of paying fines as permitted under existing statutes⁸.

If you have any questions, please feel free to contact Mark Neuburger at (916) 323-3121 or mark.neuburger@jud.ca.gov.

Sincerely,

Mailed August 12, 2019

Cory T. Jaspersen
Director, Governmental Affairs

⁵ Based on the 756,000 TVS filings courts received in FY 2017. The 756,00 filings were multiplied by 5 percent (37,800) and 10 percent (75,600). These results were multiplied by the \$35 administrative fee to obtain our estimated reduction in fee revenue of between 5 percent (37,800 x \$35) and 10 percent (75,600 x \$35).

⁶ The pilot counties for this program include courts in counties of El Dorado, Fresno, Monterey, Santa Clara, San Francisco, Shasta, Tulare, and Ventura.

⁷ The "MyCitations: Ability to Pay Determinations" is accessible at www.mycitations.courts.ca.gov and is currently available for citations in Tulare and Shasta counties.

⁸ Penal Code 1209.5.

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cc: Members, Senate Appropriations Committee
Hon. Eloise Reyes, Member of the Assembly
Mr. Shaun Naidu, Senate Appropriations Committee
Mr. Matt Osterli, Consultant, Senate Republican Office of Policy
Ms. Melissa Immel, Deputy Legislative Secretary, Office of the Governor
Ms. Timothy Weber, Budget Analyst, Department of Finance
Mr. Martin Hoshino, Administrative Director, Judicial Council of California