



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 141 of the 130th G.A. **Date:** June 19, 2013
Status: As Reported by Senate Public Safety, Local Government & Veterans Affairs **Sponsor:** Rep. Damschroder

Local Impact Statement Procedure Required: No

Contents: Abolishes the Fostoria Municipal Court and the Tiffin Municipal Court, creates the Tiffin-Fostoria Municipal Court, and declares an emergency

State Fiscal Highlights

STATE FUND FY 2014 – FUTURE YEARS

General Revenue Fund

Revenues	- 0 -
Expenditures	Estimated annual savings of \$63,990 in judicial compensation-related costs

Note: The state fiscal year is July 1 through June 30. For example, FY 2014 is July 1, 2013 – June 30, 2014.

- Beginning January 2014, the net elimination of one municipal court judgeship will reduce by an estimated \$63,990 the amount of GRF funding that the Supreme Court of Ohio disburses annually to cover judicial compensation-related costs. As the term of the judgeship is actually eliminated halfway through the state's FY 2014 (January 2014), the amount of state financial support that will be saved in that fiscal year will be approximately \$31,995.

Local Fiscal Highlights

LOCAL GOVERNMENT FY 2014 – FUTURE YEARS

City of Fostoria

Revenues	Loss of up to estimated \$280,000 annually in municipal court-generated costs, fees, and fines
Expenditures	Decrease of up to estimated \$443,143 annually in municipal court-generated expenses

City of Tiffin

Revenues	Gain of up to estimated \$280,000 annually in municipal court generated-costs, fees, and fines
Expenditures	Increase of up to estimated \$136,000 annually in new municipal court-generated expenses

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill will result in: (1) a net expenditure savings to the city of Fostoria estimated at up to \$163,143 annually, and (2) a net revenue gain to the city of Tiffin estimated at up to \$144,000 annually.

Detailed Fiscal Analysis

The bill eliminates the separate municipal courts in Tiffin and Fostoria, eliminates the full-time judgeship in each court, consolidates both courts and their territorial jurisdictions within the newly established Tiffin-Fostoria Municipal Court, and provides that there will be one full-time judge of the Tiffin-Fostoria Municipal Court. This consolidated court will require one less full-time judgeship than the separate municipal courts and fewer staff. These changes are expected to save the state of Ohio an estimated \$63,990 annually on expenditures related to the state share of a municipal court judgeship. Also, the city of Fostoria will net an expenditure savings estimated at up to \$163,143 annually related to the elimination of its municipal court, and the city of Tiffin will net a revenue gain estimated at up to \$144,000 annually in court costs, fees, and fines related to its lead role in operating the Tiffin-Fostoria Municipal Court.

Judicial compensation-related costs

The bill will eliminate the full-time municipal court judgeship serving the Fostoria Municipal Court, which eliminates the state of Ohio and city of Fostoria shares of various annual payroll-related expenses, as detailed below. The elimination of the Tiffin Municipal Court and related judgeship, however, will not change the state and local shares of such expenses. This is because the state and the city of Tiffin will spend the same amount in their respective shares for the full-time judgeship of the Tiffin-Fostoria Municipal Court as they do for the full-time judgeship that is eliminated with the Tiffin Municipal Court.

Base salary

The annual salary of a full-time municipal court judge currently totals \$114,100,¹ and consists of a local and state share determined by statute as follows:

- The *local share* is \$61,750 per year.
- The *state share* is equal to the annual salary minus the local share, or \$52,350.

Retirement

State and local elected officials are exempt from membership in PERS (Public Employees Retirement System), unless they choose to become members. As most elected officials do accept membership in PERS, this analysis includes PERS payments.

The state and city of Fostoria contribute at the rate of 14.0% of their share amounts, respectively. Under that PERS contribution formula, Fostoria will save \$8,645 annually, while the state will save \$7,329 in FY 2015, the first full state fiscal year after the abolishment of the full-time judge, and annually thereafter.

¹ Absent a statutory change, the annual salary and related state and local shares will not change in future years.

Other state and local payroll-related charges

The state and the city of Fostoria also pay for other payroll-related charges, as detailed below.

The state pays for 1.45% of gross salary for Medicare for all employees hired after April 1986, 0.07% for workers' compensation, 0.295% for the Department of Administrative Services' payroll administration services, and 6.42% for health insurance. The elimination of these miscellaneous annual contributions will save the state \$4,311 in FY 2015, the first full state fiscal year after the abolishment of the full-time judge.

Fostoria pays for 1.45% of gross salary for Medicare and 3.0% for workers' compensation. The elimination of these miscellaneous annual contributions will save Fostoria \$2,748.

State and local savings summarized

The state and city of Fostoria annual savings in salary and payroll-related charges from the abolishment of one full-time judge are summarized in the table below.

Elimination of the Fostoria Municipal Court Judgeship Estimated Annual State and Local Judgeship Payroll-Related Savings	
Base Salary: \$114,100 (for a term to begin January 2014)	
<u>State Share (FY 2015)</u>	
Salary	\$52,350
PERS (14.00%)	\$7,329
Medicare (1.45%)	\$759
Workers' Compensation (0.07%)	\$37
Payroll Administration Services (0.295%)	\$154
<u>Health Insurance (6.42%)</u>	<u>\$3,361</u>
State Total	\$63,990
<u>Local Share (CY 2014)</u>	
Salary	\$61,750
PERS (14.00%)	\$8,645
Workers' Compensation (3.00%)	\$1,853
<u>Medicare (1.45%)</u>	<u>\$895</u>
Local Total	\$73,143

City of Fostoria

The bill's net fiscal effect on the city of Fostoria will be a decrease in expenditures estimated at up to \$163,143 annually. This includes the previously noted \$73,143 in judicial payroll-related savings, plus the \$370,000 expenditure savings and \$280,000 revenue loss described below.

Expenditures

In addition to the savings related to the elimination of a judgeship, Fostoria will save up to an estimated \$370,000 in expenditures annually related to the operation of the Fostoria Municipal Court. These savings are due to the elimination of the salaries and related benefits of five full-time staff (a bailiff, a probation officer, and three clerks). According to local officials, Fostoria will continue to be responsible for some operating expenses for the Fostoria branch of the Tiffin-Fostoria Municipal Court, including such items as utilities, supplies, and facility maintenance.

Revenues

As a result of the elimination of the Fostoria Municipal Court, Fostoria will lose up to \$280,000 annually in municipal court-generated court cost, fee, and fine revenue. This revenue will instead be distributed by Tiffin as the legislative authority responsible for the operation of the Tiffin-Fostoria Municipal Court. Fostoria will receive some fine revenue from the Tiffin-Fostoria Municipal Court, after the apportionment of the operating expenses of the new municipal court by Tiffin, but the amount of fine revenue they will receive is uncertain.

City of Tiffin

The bill's net fiscal impact on the city of Tiffin will be a gain in revenue estimated at up to \$144,000 generated annually by the operation of the Tiffin-Fostoria Municipal Court. This includes the \$136,000 expenditure increase and \$280,000 revenue gain described below.

Expenditures

Tiffin will be financially responsible for the operation of a branch of the Tiffin-Fostoria Municipal Court in Fostoria. This responsibility, including the hiring of a special deputy clerk for the Fostoria branch, will increase Tiffin's expenditures by an estimated \$136,000 annually. This will provide funding for the salary and benefits of two full-time employees at the Fostoria branch, including the special deputy clerk. According to local officials, Fostoria will be financially responsible for the utilities, supplies, and maintenance of the branch and Tiffin will not be charged rent for the branch in Fostoria.

Revenues

All revenues (court costs, fees, and fines) previously generated by the Fostoria Municipal Court will be credited to Tiffin as the legislative authority for the newly created Tiffin-Fostoria Municipal Court. These court costs and fees will be retained by Tiffin, as will the fine revenue as apportioned for the cost of operating the municipal court. The estimated annual revenue gain for Tiffin is up to \$280,000 annually.