

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2330 - HB 2360

March 6, 2014

SUMMARY OF BILL: Authorizes every county, upon a two-thirds majority vote of the county legislative body at two consecutive meetings or by approval of a majority of qualified voters of the county, to levy a privilege tax, not to exceed \$8.00 per bail bond issued. Any increase or decrease in an existing bail bond shall not constitute a new bail bond if the bail bond is collected by the same bail bondsman and includes all charges against a defendant that are based on the same conduct and arising from the same criminal episode, and the tax imposed shall not be a separate tax on each charge arising from incidents in a single course of conduct. If a privilege tax is established, an additional \$4.00 will be required to be placed on all bail bonds issued for a pending appeal of a conviction, even if the bond is a continuation of a previous bond.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$1,406,200/Permissive

Increase Local Expenditures – Exceeds \$20,478,400/Permissive

Other Fiscal Impact - In the event a local government opts to hold a referendum of eligible voters in conjunction with a general election there will be no additional fiscal impact; however if a special election is held it will result in a permissive one-time increase in local government expenditures exceeding \$10,000.

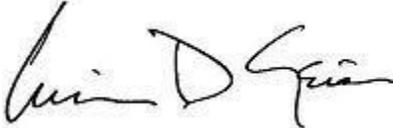
Assumptions:

- The provisions of the bill are permissive and will only impact local government.
- Any local government wanting to levy a bail bond tax will first be required to have such levy approved by either the county legislative body at two consecutive regularly-scheduled meetings or by a majority of qualified voters in a general election or special election.
- If any local government opts to hold a referendum in conjunction with a regularly scheduled election, any increase in local government expenditures is estimated to be not significant.
- Any local government holding a special election would incur one-time expenditures; however, the cost will vary based on the population of the local government holding the special election.

- Based on information provided by the State Division of Elections, a special election costs between \$10,207 for a small county such as Lake County and \$597,022 for Shelby County.
- Excluding Hamilton, Knox, Davidson, and Shelby counties for the calculation of a statewide average county population only, the average population of a county within the state is 44,209 residents.
- Based on responses to the 2013 Local Government Survey conducted by the Fiscal Review Committee, Loudon County (population 48,556) houses an average of 3,162 inmates in the county jail annually, resulting in an annual average county jail population of 300,390 (3,162 average per county x 95 counties) statewide.
- Based on responses to the 2013 Local Government Survey, participating county officials reported an average of 67 percent of individuals arrested are released on bail or bond.
- Under current law, it is estimated 67 percent or 201,261 (300,390 x 67%), of individuals arrested throughout the state will be released on bail or bond. It is reasonably estimated that 15 percent or 30,189 (201,261 x 15%), of those individuals will be unable to afford the increase of \$8.00 and as a result will remain in jail.
- It is estimated 10 percent or 17,107 [(201,261 – 30,189) x 10%] inmates released on bail or bond will be appealing a conviction and the required additional \$4.00 tax will be applied to their bail or bond. Fifteen percent or 2,566 (17,107 charged additional tax x 15%) of such individuals will be unable to afford the additional \$4.00 tax and as a result will remain in jail.
- The release of 168,506 (201,261 released under current law – 30,189 unable to afford new tax – 2,566 unable to afford additional tax) arrestees would result in an increase in local government revenue exceeding \$1,348,048 (168,506 individuals x \$8 tax charged per individual).
- The release of 14,541 (17,107 paying additional tax – 2,566 unable to afford additional tax) arrestees would result in an increase in local government revenue exceeding \$58,164 (14,541 individuals x \$4.00 additional tax); resulting in a total recurring increase in local government revenue of \$1,406,212 (\$1,348,048 + \$58,164).
- The average daily jail cost for a county is estimated to be \$62.52, with an average length of stay being estimated as 10 days.
- Assuming 32,755 (30,189 unable to afford new tax + 2,566 unable to afford additional tax) individuals who would have previously been released on bail or bond will now remain in jail for the average length of stay, it would result in an increase in local government expenditures of \$20,478,426 [(32,755 individuals x \$62.52 per day) x 10 days each].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jrh