

January 26, 2012

The Honorable Tim Owens, Chairperson
Senate Committee on Judiciary
Statehouse, Room 559-S
Topeka, Kansas 66612

Dear Senator Owens:

SUBJECT: Revised Fiscal Note for SB 283 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following revised fiscal note concerning SB 283 is respectfully submitted to your committee.

SB 283 would amend current law to establish a flat rate fee of \$30 which could be charged by county sheriffs for successfully or unsuccessfully serving, executing, and returning a writ, process, order, notice, summons or copy of those documents. The bill also would remove a schedule of fees that can be charged for those and a number of other services performed by county sheriffs, including appraising and advertising property for sale, selling property, and making arrests. In addition, the bill would allow only one fee to be charged for multiple services for the same person or in the same case, if the services could be performed in one trip or are for the same address. Existing law exempts the state and all its municipalities from being charged fees for service of processes. SB 283 would remove that exemption when a case is filed by a non-governmental firm on behalf of the state or municipality for the purpose of debt collection.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$565,488	\$1,663,200
FTE Pos.	--	--	--	--

Since the original fiscal effect statement was issued, the Department of Social and Rehabilitation Services (SRS) has provided information on the fiscal effect of this bill. The Department estimates that passage of SB 283 would require additional expenditures of more than \$1.6 million. Currently, Child Support Enforcement (CSE) contractors, who handle the vast majority of CSE cases, are not subject to service of process fees. Passage of SB 283 would result

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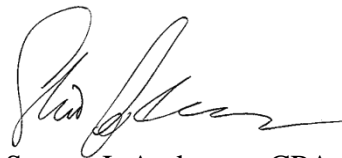
in the contractors being charged, and the additional cost would be passed on to SRS either directly or indirectly. The agency states that it would need to rebid all 14 of its CSE contracts because of the cost increases unless all service fees were paid directly. This aspect of the bill's fiscal effect was not explained in the original fiscal note.

The agency currently has 105,600 cases managed by CSE contractors. Of this number, it estimates that 35.0 percent, or 36,960, have provided the agency with a good address. The agency interprets the bill to impose the \$30 dollar fee on subsequent attempts at service of processes and estimates that 50.0 percent of the cases with good addresses, or 18,480, will need an additional service of process for a total of 55,440 process deliveries. At \$30 each, the cost to the agency annually would be \$1,663,200 ($55,440 \times \$30 = \$1,663,200$). Of this amount, \$565,488 would be from the State General Fund and \$1,097,712 from federal funds.

SRS also anticipates that the increase in this fee will lead to reduced CSE actions, resulting in lower collections and lower performance incentive receipts from the federal government. Reduced collections would negatively affect SRS revenue received from the state share of the Temporary Assistance to Needy Families and medical child support collections programs. However, the impact on collections and incentive funds cannot be estimated at this time.

According to the Kansas Association of Counties, passage of SB 283 would increase county expenditures because the counties would now be billed for services that they had previously received at no charge. The Association is unable to estimate the extent of the fiscal effect as it does not know how many counties employ outside firms for debt collection or how many debt collection cases are filed on behalf of counties.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Melissa Wangemann, Kansas Association of Counties