

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 7 (2nd Edition)

SHORT TITLE: Amend Worthless Check Program

SPONSOR(S): Rep. Hill

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES*					
Court of Justice Fees --GF	(\$24,755)	(\$24,755)	(\$24,755)	(\$24,755)	(\$24,755)
Fees Disbursed to Counties	(\$ 9,827)	(\$ 9,827)	(\$ 9,827)	(\$ 9,827)	(\$ 9,827)
Worthless Check Fee Fund	\$18,934	\$18,934	\$18,934	\$18,934	\$18,934
<i>Net Impact All Sources</i>	<i>(\$15,648)</i>	<i>(\$15,648)</i>	<i>(\$15,648)</i>	<i>(\$15,648)</i>	<i>(\$15,648)</i>
EXPENDITURES	None				
POSITIONS:	None				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Administrative Office of the Courts (District Attorneys); Court Fees (General Fund Revenues and County Funds)					
EFFECTIVE DATE: When it becomes law					

* These calculations represent the upper bound on the possible impact on court fees. It assumes that all offenders who participate in the program would have otherwise been prosecuted, convicted and successfully charged for court fees. The actual impact will be less but we do not have data to project the exact amount.

BILL SUMMARY: HB 7 expands the scope of the program for worthless checks to include felony and class 1 misdemeanor (as defined in GS 14-107) as well as class 2 misdemeanor worthless checks. The program currently operates in 13 counties.

ASSUMPTIONS AND METHODOLOGY:

The worthless check program allows offenders to avoid criminal prosecution by paying a \$50 fee and making prompt restitution to the party that received the worthless check. The original authorizing legislation directed AOC to establish a program for Class 2 Misdemeanor worthless check charges. This bill broadens the scope to include Class 1

Misdemeanor (4th or subsequent offense, drawn on closed or non-existing account) and Class I Felony (amount of check more than \$2,000) charges.

This bill would allow a modest expansion of the scope of the program. In 1999, there were 79,213 defendants charged with passing worthless checks and 96.3% of them qualified as Class 2 Misdemeanors. Felony charges made up 0.6% and the remainder was Class 1 Misdemeanors. Fiscal Research believes this increase in scope can be accommodated with existing resources.

There is, however, a potential small impact on General Court of Justice Fees.

- If a felony worthless check proceeded to criminal conviction, the offender would be liable for \$115 in court fees. By cooperating with this program, they pay \$50 instead for a loss in revenue of \$65. This \$50 is deposited to a special fund that can be appropriated by the General Assembly for support of the worthless check program. To date, these receipts have been accumulating in a special fund but in the future could be used to offset General Fund appropriations to the program. In the case of Class 1 Misdemeanors, the court fees are \$90 so the loss in revenue is \$40 per case.
- Of these court fees, \$25 of the District Ct (misdemeanor) fees and \$43 of the Superior Ct (felony) fees go to local governments for facilities, service and law enforcement benefits.
- While each defendant who participates in the program pays less than they would in court fees, the worthless check program probably collects the program fees from some individuals who might not be successfully prosecuted and pay court fees. Only 53% of all defendants charged and 16% of those charged with felony were convicted in 1999.
- The 13 counties/8 prosecutorial districts that are authorized to have a worthless check program make up about 24% of court activity, using district court criminal non motor vehicle filings as a measure. **If** we assume that 24% of CY 1999 felony or misdemeanor 1 convictions for worthless checks would be diverted from the court system due to this bill, the revenue loss would be \$24,755 for the General Fund and \$9,827 for local government. This loss would be partially offset by \$18,934 in receipts for the Worthless Check Fee Fund.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION 733-4910

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