



HF 2193 – Text Message Notification System (LSB5113HV)
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Fiscal Note Version – New

Description

[House File 2193](#) establishes a text messaging notification and payment system for citations. Beginning in FY 2019 through FY 2020, the Judicial Branch is permitted to contract with a private vendor for the establishment of a voluntary text messaging notification and payment system for local traffic violations, simple misdemeanor violations of Iowa Code chapter [321](#), or any other violations when no court appearance is required prior to an admission of guilt. Beginning in FY 2021, the Judicial Branch is required to contract with a private vendor to establish the text messaging system.

The Bill permits the vendor contract to provide for a collection fee of up to 6.0% of the amount of the fine. The collection fee must be added to the amount of the fine and used to compensate the private vendor. The Bill prohibits the use of the system for the collection of delinquent court debt.

Background

Currently, payors can pay their fines and court fees through the clerk's office or the Iowa Courts Online e-payment system. Neither method applies an additional fee for payment processing. The Bill would create a third method of payment through a text messaging notification and payment system. This method could only be used for scheduled traffic (ST) violations and simple misdemeanor charges in which the defendant can avoid a court appearance by paying the fines and fees in advance of the scheduled court date. Currently, the collection rate for fines and fees in ST violations is approximately 91.0%.

Assumptions

- In 2016, there were a total of 416,512 ST violations. It is assumed there will be 406,500 to 426,500 ST violations per year.
- About 65.0% of all traffic citations are submitted electronically from law enforcement officers' patrol cars, and the remaining are manual tickets. It is assumed the text messaging notification and payment system could be utilized for citations issued electronically. It is estimated that about 60.0% to 65.0% of ST violations would be submitted electronically, which is approximately 243,900 to 277,225 ST violations.
- The text messaging notification opt-in rate is assumed to be between 2.0% to 5.0% of payors. Of payors who opt in for the text messaging notifications, it is assumed around half of those payors (1.0% to 3.25% of all payors) will pay through the text messaging notification and payment system, since the other forms of payment do not include an additional charge.
- The collection rate for fines and fees for ST violations is approximately 91.0%. Since the collection rate is already high, the collection improvement rate is assumed to be relatively small, about 0.1% to 0.5%.

Fiscal Impact

The implementation of the text messaging notification and payment system may result in an increase in collections and General Fund revenue. The system is estimated to generate an additional \$42,683 to \$277,225 in revenue. **Table 1** shows the range of additional revenue that may be generated by the text messaging notification and payment system.

Table 1 – Text Messaging Payment System – Additional Collections

	Minimum	Maximum
Annual eCitation Tickets	243,900	277,225
Average Fine Amount	\$175	\$200
Collection Improvement Rate	0.1%	0.5%
Total Additional Collections Per Year	\$42,683	\$277,225

Implementation of the text messaging notification and payment system would result in a negative fiscal impact to the operating costs of the Judicial Branch. **Table 2** shows the estimated first-year costs of implementation and ongoing costs. After the first year, the system would require ongoing staff time for oversight.

Table 2 – Payment System Implementation and Ongoing Costs

	Year 1	Year 2 and After
New Server and Other Equipment	\$30,000	—
Programming and Testing	\$90,000	—
Additional Staff Member Time	\$46,000	\$46,000
Total Payment System Costs	\$166,000	\$46,000

The text messaging notification and payment system may also result in some cost savings to the Judicial Branch. Currently, the Judicial Branch absorbs the credit card merchant fees from processing payments. Under the system, the Judicial Branch would save these costs by not having to process the payment. The savings from merchant fees is estimated to be between \$8,537 and \$45,049. Based on those savings, **Table 3** shows the total estimated cost to the Judicial Branch for implementation and maintenance of the payment system.

Table 3 – Estimated Cost to Judicial Branch

	Year 1		Year 2 and After	
	Minimum	Maximum	Minimum	Maximum
Payment System Costs	\$ 166,000	\$ 166,000	\$ 46,000	\$ 46,000
Merchant Fees Cost Savings	-45,049	-8,537	-45,049	-8,537
Total Estimated Cost	\$ 120,951	\$ 157,463	\$ 951	\$ 37,463

Source

Judicial Branch – Office of the State Court Administrator

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
