

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7210
BILL NUMBER: HB 1327

NOTE PREPARED: Dec 31, 2020
BILL AMENDED:

SUBJECT: Public Safety Funding.

FIRST AUTHOR: Rep. Ellington
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that if, absent a legitimate fiscal reason, the fiscal body of a governmental unit adopts an ordinance or undertakes any other measure that would reduce the annual budget amount for an upcoming fiscal year of the governmental unit's police department to an amount lower than the police department's annual budget amount for the prior fiscal year, the budget amount for the police department for the prior fiscal year will be the budget amount for the police department for the upcoming fiscal year.

The bill provides that if, absent a legitimate fiscal reason, the fiscal body of a governmental unit adopts an ordinance or undertakes any other measure that would reduce the number of budgeted police officer positions, or that would shift any budgeted police officer positions to non-policing positions, for an upcoming fiscal year that would cause the number of budgeted police officer positions for the upcoming fiscal year to be lower than the number of budgeted police officer positions for the prior fiscal year, the number of budgeted police officer positions for the prior fiscal year will be the number of budgeted police officer positions for the upcoming fiscal year.

The bill also provides that if a governmental unit demonstrates a legitimate fiscal reason for a reduction in the police department's budget amount or a reduction in the number of budgeted police officer positions from the prior fiscal year to the upcoming fiscal year, the percentage of the reduction in the police department's budget amount may not exceed the percentage of any reduction in the budget amount for any other department within the governmental unit.

The bill provides that if a governmental unit cannot demonstrate that its police department properly responded to 911 emergency calls during a fiscal year, the governmental unit may be subject to having a

portion of its annual levy for the subsequent fiscal year transferred to another governmental unit.

Effective Date: July 1, 2021.

Explanation of State Expenditures: The bill requires the Department of Local Government Finance (DLGF) to enforce budgetary restrictions for police departments, as well as the number of budgeted police officer positions. This would include ensuring that police department budgets and budgeted police officer positions are not lower than the prior year without a legitimate fiscal reason and transferring a portion of a governmental unit's levy to another governmental unit if the unit in question cannot demonstrate that its police department properly responded to 911 emergency calls during a fiscal year. This could minimally increase the workload of the DLGF.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would prevent a city, town, county, or township from reducing the annual budget of its police department to an amount lower than the police department's annual budget for the prior fiscal year and prevent them from reducing the number of budgeted police officer positions to that of the prior fiscal year. A unit may also need to demonstrate to the DLGF that its police department properly responded to 911 emergency calls during a fiscal year so that a portion of its levy is not transferred to another governmental unit. These constraints could potentially limit the budgetary flexibility of local units and increase workload.

Explanation of Local Revenues: A portion of a governmental unit's levy may be transferred to another governmental unit if the unit in question cannot demonstrate to the DLGF that its police department properly responded to 911 emergency calls during a fiscal year.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Cities, counties, towns, or townships with police departments.

Information Sources:

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