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**LIQUIDATED COSTS AND SURCHARGE COLLECTED BY THE  
UNIFIED JUDICIAL SYSTEM**

**Background**

During the 2004 Session the Legislature enacted House Bills 1053 and 1103 which increased fees for the Law Enforcement Officers Training Fund (LEOTF) and the Unified Judicial System Court Automation Fund, respectively. This memorandum examines the history, purpose, and revenue generated by liquidated court costs and court automation surcharges. This memorandum also covers the history of HBs 1053 and 1103.

**Overview**

Table 1 shows the schedule for all court charges. Liquidated costs and court automation surcharges are not the only charges collected by UJS personnel. Depending upon the type of case, either a victim's compensation surcharge or a law library fee can also be collected. The clerks of courts in the several county courthouses are responsible for collecting these various fees.

Table 1

Schedule of Court Charges,  
Unified Judicial System  
*Effective July 1, 2004*

CRIMINAL Court Costs for Circuit Courts

	Liquidated Court Courts	Court Automation Surcharge	Victim's Compensation Surcharge	Total Costs
All felonies	\$30.00	\$30.50	\$2.50	\$63.00
All Class 1 misdemeanors	\$30.00	\$20.50	\$2.50	\$53.00
Class 2 misdemeanors (state)	\$30.00	\$11.50	\$2.50	\$44.00
Class 2 misdemeanors (local govt.)	\$30.00	\$8.50	\$2.50	\$41.00

Violations of administrative rules with criminal penalties	\$30.00	\$8.50	\$2.50	\$41.00
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Petty offenses	\$0.00	\$0.00	\$0.00	\$0.00
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**CRIMINAL Court Costs for Circuit Courts**

	Court Automation Surcharge*	Law Library Fee	Total Costs
Civil cases filed under SDCL 16-2-29(1), (2), or (3) Small claims actions where the amount is:	\$20.00	\$5.00	\$25.00
a) less than \$4,000	\$6.00	\$2.00	\$8.00
b) \$4,000 to \$8,000	\$8.00	\$2.00	\$10.00

**SUPREME COURT filings**

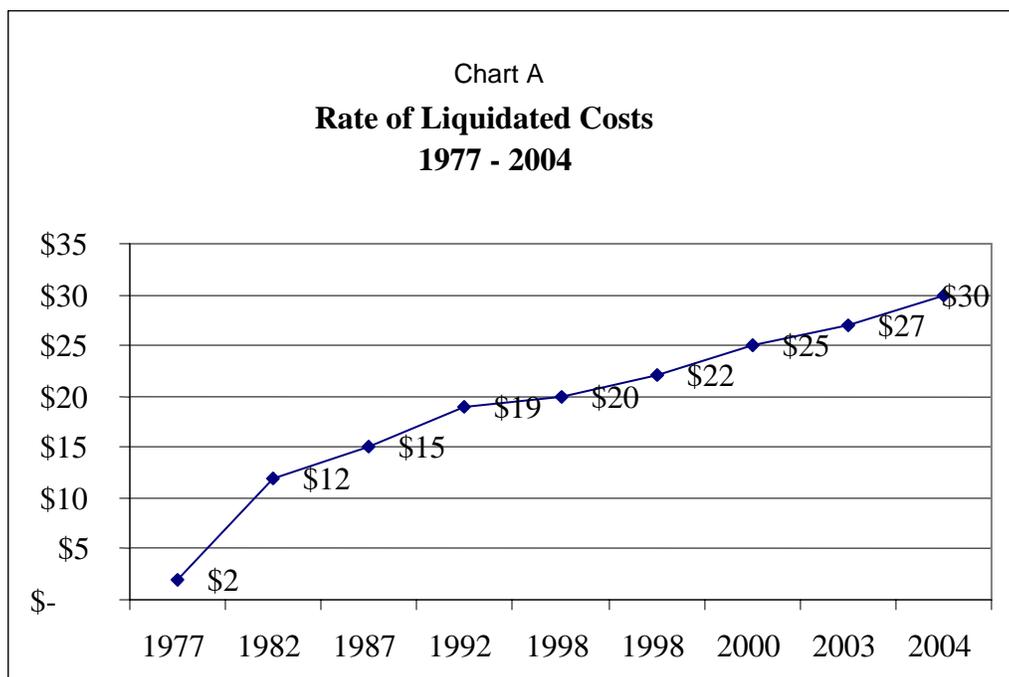
	Court Automation Surcharge**	Total Costs
All appeals, original actions, or other actions	\$25.00	\$25.00

\* The surcharge may not be collected in any civil action commenced by the state, a county, municipality, or a school district.

\*\* The surcharge may not be collected in any civil action commenced by the state, a county, municipality, or a school district

**Liquidated Costs**

South Dakota has collected liquidated costs since 1977. Originally the fee was \$2 and deposited solely into the Law Enforcement Officer's Training Fund (LEOTF). The current rate, as established in SDCL 23-3-52, is \$30. Chart A shows the liquidated costs rate over time.



Since its creation, the rate has increased twelve times, including twice in 1998. The rate of the fee has not been the only thing that has changed over time, the violations covered by the fee has expanded too. Table 2 shows the history of rate increases and the type of violations that liquidated costs were charged against.

Table 2

History of Rates and Covered Violations

Year	Fee	Violations
1977	\$2 or 5% of fines and penalties, whichever is greater	Criminal and petty offenses, including state or local motor vehicle violations or for violation of hunting and fishing statutes
1982	\$12	Violation of state statutes or regulations that have criminal penalties  Violation of county or municipal ordinances regulating moving traffic violations
1987	\$15	Same as Above

1991	\$15	Violation of state statutes or regulations that have criminal penalties
		Violation of county or municipal ordinances
1992	\$19	Same as Above
1998	\$20	Same as Above
1998	\$21	Same as Above
2000	\$25	Same as Above
2003	\$27	Same as Above
2004	\$30	Same as Above

If a fine is suspended or reduced, liquidated costs are not to be reduced unless the judge waives the payment if they would impose a hardship upon a convicted person or the person's family.

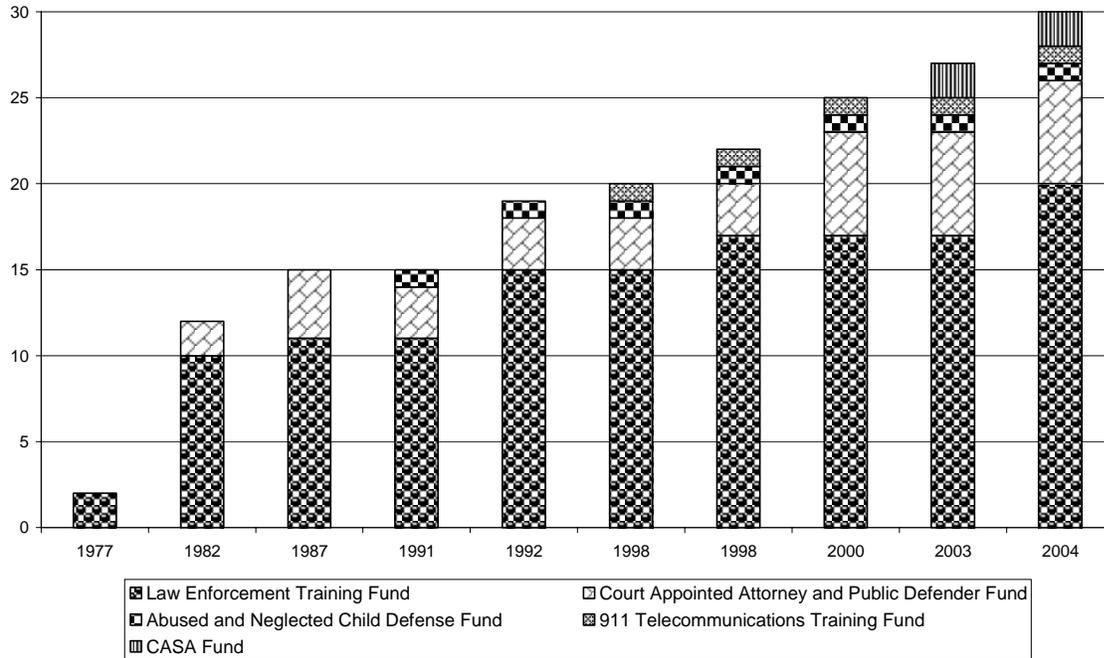
### History of House Bill 1053

House Bill 1053 was introduced by the House Judiciary Committee at the request of the Attorney General. As introduced, the bill would have increased the liquidated costs rate by \$6 and deposited the entire amount of new revenue into the LEOTF. This would have increased the LEOTF share from \$27 to \$33. According to the proponents' testimony to the House Judiciary Committee, the primary reason for the increase was due to homeland security patrols, as a result of the September 11 terrorist attacks, which decreased the number of arrests and consequently reduced the number of convictions. After its hearing, the House Judiciary Committee unanimously recommended HB 1053 be passed by the full House of Representatives. The bill failed to receive the necessary 2/3 majority vote. After successfully reconsidering HB 1053, the House referred the bill to the Appropriations Committee. The Appropriations Committee amended the bill to reduce the increase to \$3 and then recommended the bill for passage. The House of Representatives passed the bill with sixty-one members in favor and six opposed. In the Senate, HB 1053 was referred to the Senate Judiciary Committee. After its hearing, the Senate Judiciary Committee unanimously recommended HB 1053 to be passed by the full Senate. House Bill 1053 passed the Senate with thirty members in favor and three opposed.

Currently the proceeds of liquidated costs are deposited into five statutorily created funds: the LEOTF (established in 1977), the Court Appointed Attorney and Public Defender Fund (1982), the Abused and Neglected Child Defense Fund (1991), the 911

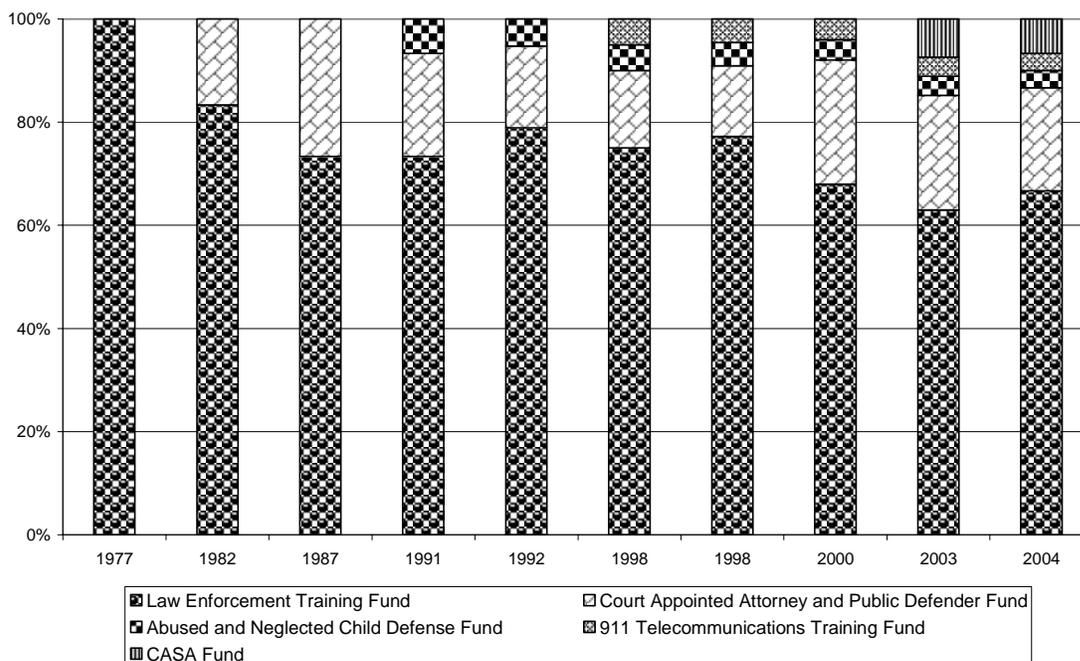
Telecommunicator Fund (1998), and the Court Appointed Special Advocates (CASA) Fund (2003). Chart B shows the distribution of liquidated costs.

Table B  
Distribution of Liquidated Costs, 1977 - 2004



For every criminal violation, a person is currently charged \$30. Of that amount, \$20 goes to the LEOTF, \$6 goes to the Court Appointed Attorney and Public Defender Fund, \$2 goes to the CASA Fund, \$1 goes to the 911 Telecommunicator Training Fund, and \$1 goes to the Abused and Neglected Child Defense Fund. The distribution of liquidated cost revenue, as a percentage, has also fluctuated over time. Chart C shows the proportional distribution.

Chart C  
Distribution, as %, of Liquidated Costs



Since 1982 the LEOTF, the original recipient of liquidated cost revenue, has continued to receive a smaller share. In 1982 the LEOTF received 83 percent of liquidated cost revenue; in 2004 it receives 67 percent. Over time the Court Appointed Attorney and Public Defender's Fund has received a larger share of revenue. In 1982 it received 17 percent, and in 2004 it receives 20 percent. The revenue shares for the Abused and Neglected Child Defense Fund, the 911 Telecommunicator Training Fund, and the CASA Fund have stayed relatively constant over the course of their existence, receiving 3 percent, 3 percent, and 7 percent, respectively.

### Law Enforcement Training Fund

The Legislature created the Law Enforcement Officer Training Fund in 1977. (SDCL 23-3-51) The original purpose of the fund was to "pay necessary cost of law enforcement training and to pay expense for the operation of the law enforcement training and to pay expenses for the operation of the law enforcement officers standards commission [sic]." (SL 1977, ch 194, §2) Over the twenty-seven years that the fund has existed, the Legislature has modified its purpose four times. Currently, the fund may be used "to pay necessary costs of law enforcement, law enforcement training, and judicial training and to pay expenses for the operation of the Law Enforcement Officers Standards Commission." The fund is also to be used for "highway safety law enforcement training; the operation of a statewide drug enforcement unit; state law enforcement equipment; the State Forensic Laboratory; the training of prosecutors and Unified Judicial System personnel; and other law enforcement and training purposes." (SDCL 23-3-55) Table 3 shows the financial condition of the LEOTF for FYs 2003 – 2005.

Table 3

<b>Law Enforcement Officers Training Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$521,942</b>	<b>\$203,326</b>	<b>-\$347,695</b>
Receipts:			
Licenses, Permits and Fees	\$375	\$425	\$0
Fines, Forfeits and Penalties	2,341,305	2,279,753	2,949,618
Other Revenue	4,000	230	-
Transfers In	-	43,607	-
Reversion of Carryover	139	-	-
<b>Total Receipts</b>	<b>\$2,345,819</b>	<b>\$2,324,015</b>	<b>\$2,949,618</b>
<b>Total Available</b>	<b>\$2,867,761</b>	<b>\$2,527,341</b>	<b>\$2,601,923</b>
Expenditures			
Attorney General	\$2,282,699	\$2,474,442	\$2,328,304
Department of Corrections	115,075	115,216	115,075
UJS	266,661	285,378	295,063
<b>Total Expenditures</b>	<b>\$2,664,435</b>	<b>\$2,875,035</b>	<b>\$2,738,442</b>
<b>Ending Balance</b>	<b>\$203,326</b>	<b>-\$347,695</b>	<b>-\$136,519</b>
Ending Balance as % of Expenditures	7.6%	-12.1%	-5.0%
*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal year's ending cash balance less year-end encumbrances and payables. Disbursements recorded on the states accounting system are reduced by carry-over expenditures. Remaining unspent carry-over appropriation are shown as a receipts. Current year carry-over expenses are shown as a disbursement.			
** Revenue and expenditure estimates provided by the Attorney General's Office.			

### **Court Appointed Attorney and Public Defender's Fund**

The Legislature created the Court Appointed Attorney and Public Defender's Fund in 1982. (SDCL 23A-40-17) Its purpose (SDCL 23A-40-20) is to partially reimburse the counties for the costs of legal counsel for indigents. Within sixty days after the end of a fiscal year, the state treasurer determines the counties' total cost for court appointed attorneys and public defender offices. The state treasurer then prorates and distributes the money in the fund to the counties. For example, if a county spends 2 percent of the total spent within the state, that county would receive 2 percent of the money within the fund. This fund is continuously appropriated. The following Table 4 shows the financial condition of the Court Appointed Attorney and Public Defender's Fund for FYs 2003 – 2005.

Table 4

<b>Court Appointed Attorney &amp; Public Defender's Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$871,967</b>	<b>\$827,002</b>	<b>\$805,070</b>
Receipts:			
Fines, Forfeits and Penalties	\$827,002	\$805,070	\$805,000
<b>Total Available</b>	<b>\$1,698,969</b>	<b>\$1,632,073</b>	<b>\$1,610,070</b>
Expenditures			
Distributed to Counties	\$871,967	\$827,002	\$805,070
<b>Ending Balance</b>	<b>\$827,002</b>	<b>\$805,070</b>	<b>\$805,000</b>
Ending Balance as % of Expenditures	94.8%	97.3%	100.0%
Counties' Total Costs	\$6,354,067	\$6,700,251	\$6,700,000
% of Counties' Costs Covered by State	13.7%	12.3%	12.0%
*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal year's ending cash balance less year-end encumbrances and payables.			
** Revenue and expenditure estimates provided by the State Treasurer's Office.			

### **Abused and Neglected Child Defense Fund**

The Legislature created the Abused and Neglected Child Defense Fund in 1991. (SDCL 26-8A-19) Its purpose, similar to the previously discussed fund, is to partially reimburse the counties for the costs of guardian ad litem (special advocates) for children that have been adjudicated as being abused or neglected. A guardian ad litem, as defined by SDCL 26-8A-20, is an officer of the court who has the responsibility to represent the best interests of the child and to assist the child's attorney.

Within sixty days after the end of a fiscal year, the state treasurer determines the total cost within the state for the representation of abused and neglected children. The state treasurer then prorates and distributes the money in the fund to the counties. For example, if a county spends 2 percent of the total spent within the state, that county would receive 2 percent of the money within the fund. This fund is continuously appropriated. Table 5 shows the financial condition of the Abused and Neglected Child Defense Fund for FYs 2003 – 2005.

Table 5

<b>Abused and Neglected Child Defense Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$144,078</b>	<b>\$137,305</b>	<b>\$134,135</b>
Receipts			
Fines, Forfeits and Penalties	\$137,305	\$134,135	\$134,000
<b>Total Available</b>	<b>\$281,383</b>	<b>\$271,441</b>	<b>\$268,135</b>
Expenditures			
Distributed to Counties	\$144,078	\$137,305	\$134,135
<b>Ending Balance</b>	<b>\$137,305</b>	<b>\$134,135</b>	<b>\$134,000</b>
Ending Balance as % of Expenditures	95.3%	97.7%	99.9%
Counties' Total Costs	\$612,774	\$541,706	\$542,000
% of Counties' Costs Covered by State	23.5%	25.3%	24.7%
*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal			
** Revenue and expenditure estimates provided by the State Treasurer's Office.			

### 911 Telecommunicator Training Fund

The Legislature created the 911 Telecommunicator Training Fund in 1998. (SDCL 34-45-31) Its purpose is to train and certify 911 telecommunicators. The Law Enforcement Officers Standards Commission establishes the employment qualifications and training standards. The Division of Criminal Investigation is responsible for authorizing disbursements from the fund which is continuously appropriated. The following Table 6 shows the financial condition of the 911 Telecommunicator Training Fund for FYs 2003 – 2005.

Table 6

<b>911 Telecommunicator Training Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$79,336</b>	<b>\$79,970</b>	<b>\$80,060</b>
Receipts:			
Fines, Forfeits and Penalties	\$138,611	\$134,124	\$132,072
<b>Total Available</b>	<b>\$217,947</b>	<b>\$214,094</b>	<b>\$212,132</b>
Total 911 Training Expenditure:	\$137,977	\$134,034	\$186,345
<b>Ending Balance</b>	<b>\$79,970</b>	<b>\$80,060</b>	<b>\$25,787</b>
Ending Balance as % of Expenditure	58.0%	59.7%	13.8%
<small>*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal year's ending cash balance less year-end encumbrances and payables. Disbursements recorded on the states accounting system are reduced by carry-over expenditures. Remaining unspent carry-over appropriation are shown as a receipts. Current year carry-over expenses are shown as a disbursement.  ** Revenue and expenditure estimates provided by the Attorney General's Office.</small>			

### **Court Appointed Special Advocates (CASA) Fund**

The Legislature created the CASA Fund in 2003. (SDCL 16-2-51) Its purpose is to finance grants awarded to nonprofit CASA programs which provide volunteers for abused and neglected children. A CASA volunteer is a lay advocate for a child who assists the child's attorney and the court by making recommendations about the welfare of the child. The CASA Commission establishes the applications procedures and awards the grants. State law does not specify the quantity or the size of grants. In FY 2004, \$230,000 was awarded to six CASA programs across the state.

The commission is composed of five members with three year terms. The Governor appoints three people: a person who has experience with the investigation of child abuse and neglect, either a former or current legislator, and a person who has experience with child abuse and neglect issues in a tribal setting. The Chief Justice appoints two people: a person with experience with providing treatment services to children that are victims of abuse and neglect and a person with a judicial or legal service background who has experience and knowledge of abuse and neglect proceedings. The CASA Commission is staffed by UJS personnel. The following Table 7 shows the status of the CASA Fund.

Table 7

<b>Court Appointed Special Advocates (CASA) Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,879</b>
Receipts:			
Licenses, Permits and Fees	\$0	\$0	\$0
Fines, Forfeits and Penalties	-	256,522	275,000
Other Revenue	-	-	10,000
<b>Total Receipts</b>	<b>\$0</b>	<b>\$256,522</b>	<b>\$285,000</b>
<b>Total Available</b>	<b>\$0</b>	<b>\$256,522</b>	<b>\$310,879</b>
Expenditures			
Administration	\$0	\$643	\$6,584
CASA Grants	-	230,000	296,000
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$230,643</b>	<b>\$302,584</b>
<b>Ending Balance</b>	<b>\$0</b>	<b>\$25,879</b>	<b>\$8,295</b>
Ending Balance as % of Expenditures	0.0%	11.3%	2.8%
*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal year's ending cash balance less year-end encumbrances and payables.			
** Revenue and expenditure estimates provided by the State Court Administrator's Office.			

### Court Automation Surcharge

South Dakota has collected court automation surcharges since 1990. Like the liquidated costs charge, if a fine is suspended or reduced, automation surcharges are not to be reduced unless the judge waives the payment if they would impose a hardship upon a convicted person or the person's family. Table 8 shows the history of rates and the type of cases from which surcharges were collected.

Table 8

Year	Civil Actions	Rate	Criminal Actions	Rate
1990	Civil cases, excluding small claims	\$2.50	Violation of state statutes or regulations that have criminal penalties	\$2.50

Year	Civil Actions	Rate	Criminal Actions	Rate
			Violation of county or municipal traffic ordinances	
1991	Civil cases, excluding small claims	\$5	Violation of state statutes or regulations that have criminal penalties	\$5
			Violation of any county or municipal ordinances	
1999	Civil cases	\$15	All felonies	\$25.50
	Small claims:		Class 1 misdemeanor	\$15.50
	< \$4,000	\$3	Class 2 misdemeanor	\$8.50
	≥ \$4,000	\$5	Violation of any county or municipal ordinances or administrative rules having criminal penalties	\$5.50
	Cases filed with Supreme Court			\$20
2004	Civil cases	\$20	All felonies	\$30.50
	Small claims:		Class 1 misdemeanor	\$20.50
	< \$4,000	\$6	Class 2 misdemeanor	\$11.50
	≥ \$4,000	\$8		\$8.50

Year	Civil Actions	Rate	Criminal Actions Violation of any county or municipal ordinances or administrative rules having criminal penalties	Rate
	Cases filed with Supreme Court			\$20

### History of House Bill 1103

House Bill 1103 was introduced by the House Judiciary Committee at the request of the Chief Justice. The bill increases the court automation surcharge by \$5 for civil actions, other than small claims actions. For small claims that involve disputed amounts of less than \$4,000, the surcharge is increased from \$3 to \$6, and the surcharge is increased from \$5 to \$8 for disputes valued over \$4,000. For criminal actions the surcharge was also increased:

- from \$5.50 to \$8.50 for local government ordinances or administrative rules that have criminal penalties
- from \$8.50 to \$11.50 for Class 2 misdemeanors
- from \$15.50 to \$20.50 for Class 1 misdemeanors
- from \$25.50 to \$30.50 for felonies

For each appeal, intermediate appeal, original proceeding or other action filed with the Supreme Court, the surcharge was increased from \$20 to \$25. According to testimony provided by UJS personnel to the Senate Appropriations Committee during the bill's hearing on February 13, 2004, HB1103 would provide the Court Automation Fund with an estimated \$590,000.

The Legislature approved the bill with no amendments. After its initial hearing in the House Judiciary Committee, the House approved HB 1103 with sixty-four members in favor and five opposed. In the Senate the bill was recommended for passage by the Senate Judiciary. After HB 1103 was delivered to the floor, the Senate referred it to the Appropriations Committee. That committee also favorably recommended the bill for passage. The Senate approved HB 1103 with twenty-seven members in favor and seven opposed.

### **UJS Court Automation Fund**

The proceeds of the automation surcharge are deposited solely in the UJS Court Automation Fund. The fund also receives fee revenue from records searches. (SDCL

16-2-29.5) The rate is \$5 per searched name when it is done in conjunction with a pending state or federal cause of action; otherwise, the rate is \$15 per searched name. The Court Automation Fund's purpose is "to pay necessary costs for court automation projects to improve information or case management systems of the administration of justice." (SDCL 16-2-44) In addition to UJS personnel, the Court's information systems are utilized, to varying degrees, by seventeen separate state, federal, or nongovernmental agencies or programs. UJS also shares data with various units of local government and the public. The following Table 9 shows the financial condition of the Court Automation Fund.

Table 9

<b>UJS Court Automation Fund</b>			
	Actual FY 2003*	Actual FY 2004*	Estimate FY 2005**
<b>Beginning Balance</b>	<b>\$490,316</b>	<b>\$63,183</b>	<b>\$237,427</b>
Receipts:			
Licenses, Permits and Fees	\$796,881	\$1,079,167	\$1,278,538
Fines, Forfeits and Penalties	1,535,300	1,502,699	1,818,185
Use of Money and Property	49,684	30,960	36,679
Other Revenue	1,978	-	-
Transfers In	-	20,846	24,698
Reversion of Carryover	163	31,963	-
<b>Total Receipts</b>	<u><b>\$2,384,006</b></u>	<u><b>\$2,665,635</b></u>	<u><b>\$2,665,635</b></u>
<b>Total Available</b>	<b>\$2,874,322</b>	<b>\$2,728,818</b>	<b>\$3,395,527</b>
UJS Total Expenditures	\$2,811,139	\$2,491,391	\$3,104,426
<b>Ending Balance</b>	<b>\$63,183</b>	<b>\$237,427</b>	<b>\$291,101</b>
Ending Balance as % of Expenditures	2.2%	9.5%	9.4%
<small>*Data provided by Department of Legislative Audit. Beginning balances represents the prior fiscal year's ending cash balance less year-end encumbrances and payables. Disbursements recorded on the states accounting system are reduced by carry-over expenditures. Remaining unspent carry-over appropriation are shown as a receipts. Current year carry-over expenses are shown as a disbursement.  ** Revenue and expenditure estimates provided by the State Court Administrator's Office.</small>			

## The Applicability of User Charges

Terms such as "liquidated cost" and "surcharge" are used frequently in the statutory sections cited in this memorandum. But are a liquidated cost and a surcharge the same thing? A user charge is similar to a price found in the private economy because the government can either deny service to nonpayers or prohibit certain activities by nonpayers. User charges can be grouped into four classes<sup>1</sup>:

<sup>1</sup> The classifications utilized in this section were developed by the Congressional Budget Office. See *The Growth of Federal User Charges* (Washington, DC: Government Printing Office, 1993).

- User Fees, payments for goods or services that are sold or rented by the state. When people voluntarily purchase these good or services, they are generally not shared. Examples would include leases and rentals, the sale of state resources, admission to state parks, tuition, and licenses not associated with regulation.
- Regulatory Fees, payments based upon either government authority to regulate particular businesses or government activities that stem from the sovereign powers of the state. A user is compelled to pay. Examples would include charges for testing and inspecting, licenses associated with regulation, and judiciary charges.
- Beneficiary Fees, payments based upon a correlation between a certain behavior and consumption with a particular public good. An example would be taxes on fuel being closely related to the highway system.
- Liability Fees, payments used to discourage damaging activities, reduce negative externalities, and compensate for injuries. An example of this would be the Petroleum Release Compensation Fund which is used to help cover the cost of fuel clean-ups.

These classifications, while not necessarily exclusive of each other, can be useful to help understand the nature of user charges. Relying upon this classification system, liquidated costs could be considered regulatory fees. Once a person either admits to a criminal offense or is found guilty, that person—by law—is obligated to pay \$30 for each violation. The automation surcharge has elements of both a regulator fee and a user fee. Similar to the liquidated cost, once a person either admits to a criminal offense or is found guilty, that person—by law—is obligated to pay a surcharge that increases with the severity of the criminal violation. The surcharge also has the quality of a user fee when it comes to civil actions, appeals, and name searches because these actions are voluntary in nature.

User charges are a viable finance method when identifiable individuals, not the community as a whole, benefit from the service provided. There are several advantages to user charges. User charges can document the public's use for a specific service. A user charge can improve the financing equity for selected services. A program that covers its costs through user charges is not likely to be eliminated nor should it burden other government activities. User charges may improve operating efficiency because public personnel must respond to the clients' demands. Finally, a user charge can cause individuals to internalize the social cost of their actions.

There are also limitations upon the use of user charges. Activities that substantially benefit the general public and not identifiable individuals are not likely candidates for user-charge financing. Some user charges may also be too expensive to collect; an agency's effort to collect certain charges may outweigh the financial gain. Finally, there may be public resentment to the user charge based upon the view that, having already paid taxes, a person is entitled to the service without any additional payment.

Revenue from liquidated costs is estimated to collect \$4.3 million in FY 2005. This money will be deposited into five different funds which are used for: (1) training or operation of law enforcement or judicial personnel, (2) legal service for indigents, (3) legal service for abused and neglected children, (4) 911 telecommunications training and standards, and (5) child advocacy. In FY 2005 the court automation surcharge is estimated to collect \$2.7 million, which is deposited into the Court Automation Fund that is used for the judiciary's information systems. When considering user charges there are several questions that could be considered:

Does a user charge cover all of the costs associated with providing the service?

What is the relationship between a user charge and the service being provided?

Does the person paying a user charge receive the service?

Can nonpayers be excluded from receiving the service?

To what extent does the general public benefit from the service?

Could the user charge be reduced or eliminated based upon a person's ability to pay?

Will public personnel respond to the clients' service demands?

Will the public feel that they have already paid for the service by the taxes paid to the state?

There is no "right" or "wrong" answer to these questions. Rather, questions such as these can focus attention as to the applicability of user charges to finance certain government activities.

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**This issue memorandum was written by Reed Holwegner, Chief Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.**

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