



Board Agenda Item 35

DATE: May 23, 2023

TO: Board of Supervisors

SUBMITTED BY: Kirk Haynes, Chief Probation Officer

SUBJECT: Report of loss of revenue from AB 177 and allocation of funds

RECOMMENDED ACTION(S):

1. **Retroactively authorize and ratify the submittal by the Chief Probation Officer of a report to the State of California showing the loss of revenue resulting from the passage of AB 177; and**
2. **Authorize the allocation of backfill funds distributed to the County by the State of California for revenue loss due to repeal of certain administrative County fees, as required by AB 177, to the Probation Department (\$2,090,630.55).**

AB 177 eliminated certain fees charged by counties to individuals arrested, prosecuted, or convicted of a crime. AB 177 requires a report be submitted by each county board of supervisors to the Director of Finance, the Legislative Analyst's Office, and the Joint Budget Committee of the State of California by May 1, 2023, showing the loss of revenue resulting from the passage of this legislation. To meet this deadline, the report was submitted to the State on April 28, 2023. Approval of the first recommended action retroactively authorizes the submittal of this report, to comply with the statutory deadline. AB 177 appropriated \$25 million from the State General Fund (SGF) in the 2021-22 fiscal year to backfill revenue to counties due to local fees repealed by this act. In the 2022-23 fiscal year, and each year thereafter, \$50 million from the SGF was appropriated to backfill revenue to counties. Based on the funding allocation methodology for distribution of these funds set forth by AB 199, Fresno County was allocated \$696,876.85 for fiscal year 2021-22 and \$1,393,753.70 for fiscal year 2022-23. A total of \$2,090,630.55 of backfill funds was remitted to the County Treasurer on December 15, 2022. Approval of the second recommended action will allocate these backfill funds to the Probation Department. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions for this item.

FISCAL IMPACT:

AB 177 was passed in 2021, which repealed 17 different criminal administrative fees previously charged by local governments to individuals arrested, prosecuted, or convicted of a crime. Due to the passage of this legislation, the Probation Department has lost an average of \$156,952 per year based on three years of revenue collection (2018-2020). AB 177 appropriated \$25 million from the SGF in the 2021-22 fiscal year to backfill revenue to counties due to local fees repealed by this act. In the 2022-23 fiscal year, and each year thereafter, \$50 million from the SGF was appropriated to backfill revenue to counties. The County of Fresno was allocated \$696,876.85 for fiscal year 2021-22 and \$1,393,75.70 for fiscal year 2022-23. A total of \$2,090,630.55 of backfill funds was remitted to the County Treasurer on December 15, 2022. Approval of the second recommended action will allocate these backfill funds to the Probation Department.

DISCUSSION:

AB 177 eliminated certain fees charged by counties to individuals arrested, prosecuted, or convicted of a crime. AB 177 required the Board of Supervisors of each county submit a report to the State showing the loss of revenue resulting from the passage of AB 177. Staff submitted the Fiscal Loss of Revenue Report to the State on April 28, 2023 to meet the May 1, 2023 deadline.

AB 177 appropriated \$25 million from the SGF in the 2021-22 fiscal year and \$50 million in the 2022-23 fiscal year to backfill revenue to counties due to local fees repealed by this act. The California Department of Finance, pursuant to Government Code section 29554 of Chapter 57, Statutes of 2022 (AB 199), finalized a methodology used to determine per-county allocations for the 2021-22 fiscal year and ongoing fiscal years based on the following:

1. Fifty percent of the annual appropriation shall be based on the three-year average of each county's adult population compared to that of the state from 2017 to 2019, inclusive.
2. Twenty-five percent of the annual appropriation shall be based on the three-year average of each county's total felony and misdemeanor arrests compared to that of the state from 2017 to 2019, inclusive.
3. Twenty-five percent of the annual appropriation shall be based on the three-year average of each county's total traffic and nontraffic felony and misdemeanor filings compared to that of the state from 2017 to 2019, inclusive.

The County of Fresno was allocated \$696,876.85 for fiscal year 2021-22 and \$1,393,753.70 for fiscal year 2022-23. A total of \$2,090,630.55 of backfill funds was remitted to the County Treasurer on December 15, 2022.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with the Clerk - Fiscal Loss of Revenue Report

CAO ANALYST:

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