

# Fiscal Note

**BILL #** HB 2756

**TITLE:** law enforcement; defunding; prohibition

**SPONSOR:** Marshall

**STATUS:** As Amended by House MAPS

**PREPARED BY:** Stefan Shepherd

## Description

The bill prohibits a municipality from reducing the per capita annual operating budget for its police department unless it reduces the per capita budget of all other departments within the municipality by an equal amount. If the municipality does reduce its per capita annual operating budget, the bill requires the State Treasurer to withhold state shared monies equal to the amount of the reduction. Municipalities would be exempt from the requirement if the municipality is experiencing severe financial hardship as defined in the bill.

## Estimated Impact

The bill's fiscal impact will depend on decisions made by individual municipalities, which cannot be determined in advance.

## Analysis

The bill effectively provides municipalities with 3 options regarding their budgets: 1) maintain or increase their per capita law enforcement budget compared to the prior year, 2) decrease their per capita budgets equally across all departments, or 3) accept a reduction in their state shared revenue via Transaction Privilege Tax and Urban Revenue Sharing by an equivalent amount. The impact of this bill depends on which option municipalities choose. In addition, some decisions may occur as a result of severe financial hardship, which is defined in the bill as 1) a decrease in revenues, 2) an increase in service demands, 3) an unfunded state or federal mandate, or 4) an economic recession. Those hardships cannot be predicted in advance.

2/16/23

