

- Potential gain of fine revenue from violators who neglect or refuse to deposit confiscated or found property. Maximum fine is \$3,000.

Detailed Fiscal Analysis

This bill would permit the legislative authority of municipal corporations or townships to adopt a resolution or ordinance granting authority to the leading law enforcement official of that community to contribute unclaimed property held at the law enforcement agency for ninety (90) days or more to one or more public agencies or one or more nonprofit organizations. Property donated must not fall under disposal requirements pursuant to a specific statutory procedure. If a municipal corporation enacts such a resolution or ordinance, then the leading law enforcement official may contribute unclaimed property from the police department to one or more of those agencies or organizations rather than conducting a public auction under existing law.

A representative member of a township police department that neglects or refuses to deposit confiscated or found property in accordance with the bill will be prosecuted. The bill requires that violators be fined not less than twice the value of any property not deposited, but not more than \$3,000 or incarcerated not more than thirty days, or both. County courts will incur expenses commonly associate with judicial proceedings. County jails will bear the cost of incarcerating convicted offenders. The maximum cost of incarceration is approximately \$1,800. Collected fines would be deposited into the jurisdictional county treasury.

The proceeds from a public auction convened by a municipal or township police department are paid into the respective general fund. Municipalities and townships will forgo potential auction revenues if police departments choose the alternative disposal method of donating unclaimed property. It is difficult to determine the amount of revenue these entities would forgo since the type and amount of unclaimed property a department would donate varies with each agency.

The donation of unclaimed property is an alternative disposal method that potentially decreases expenditures commonly associated with organizing a police department public auction. The associated costs of an auction includes advertising fees, auctioneer fees, accounting fees, wages for working personnel, and fees for a facility/space to hold an auction. The amount and type of property to be auctioned may not have sufficient monetary value to cover these costs. Therefore, donation of unclaimed property by municipal or township police departments would eliminate these expenses and subsequently decrease the respective expenditures.

Examples of auction sales:

The city of Columbus Police Department conducts a department public auction approximately every ten (10) weeks. Gross proceeds range from \$10,000 to \$12,000 per auction. The city of Columbus Police Department's cost for holding a public auction is between \$3,000 and \$4,000. The net revenue generated by the department's public auction ranges from \$6,000 to \$9,000. Net revenue, for the city of Columbus Police Department as well as for all other

agencies, is dependent upon the amount of unclaimed property to be auctioned, the monetary value associated with the property, and overhead costs.

The city of Deer Park Police Department (in Hamilton County) includes its unclaimed property in the City of Deer Park annual auction. The Deer Park Police Department spent approximately \$790 on departmental staffing at the last city auction. The advertising cost attributed to the auction of unclaimed property by Deer Park Police Department amounted to \$110. Therefore, the approximate total cost for the department to participate in the City's auction was \$900. The sale of unclaimed property held by the department generated approximately \$500 in proceeds. In this instance, the Deer Park Police Department outlay was \$400 more than what the unclaimed property generated in revenue from sale at auction.

General Conclusion:

Municipal and township police departments will continue to hold unclaimed property public auctions as long as the property's monetary value generates revenues in excess of overhead costs.

□ LBO staff: Eugene T. Gabrys, Graduate Researcher

\\Budget_office\isis_voll.lbo\FN123\Hb0055sr.doc