

Revenues	Potential minimal gain	Potential minimal gain	Potential minimal annual gain
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal annual increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Revenue distribution to the county LLGSF would decrease by \$167 million if only the current 73 out of 250 public library systems have the filters after the 180 days after the effective date of the bill. If more library systems install the filters, library revenue will decrease less.
- Public library expenditures would increase to install the filters and comply with the requirements under the bill. Filters may cost several tens of thousands of dollars plus some installation costs up to perhaps \$100,000 statewide. Costs will depend on the number of computers the 175 library systems have. Some costs will be one-time.
- As of this writing, it appears that the number of offenders that could be charged, prosecuted, and sanctioned for disseminating a *prepaid adult entertainment card* to a juvenile will be relatively small in any given jurisdiction. Assuming that were true, then the annual costs for a county or municipal criminal justice system (investigation, prosecution, adjudication, indigent defense, and sanctioning) to handle these cases seems unlikely to exceed minimal.
- In the matter of local revenues, as the likely number of cases involving the dissemination of a *prepaid adult entertainment card* to a juvenile appears to be relatively small, any resulting gain in court cost and fine revenues for a given county or municipality annually would not be likely to exceed minimal.

Detailed Fiscal Analysis

Internet filters on public library computers

The bill requires all public libraries to install a filtering device or filtering software that prevents Internet access by any person to material that is obscene and prevents Internet access by juveniles to material that is harmful to juveniles and to adopt policies related to juvenile access to R-rated library materials. The bill permits library personnel to disable the filtering device or software to enable adults to have full access to a computer for specified proper purposes. In addition, the bill proposes that state and local funding will not be provided unless the public library complies with those requirements. For libraries that are not in compliance already, this proposal would increase the public library expenditures to install filtering devices or software on each of their computers that is accessible to juveniles or any person.

The cost to install the filters varies depending on the type of filters, vendors, number of computer terminals, and whether it will be installed in the computer terminals or proxy server. The costs for the smallest group licenses range from \$275 per five terminals up to \$1,495 per 50 terminals, based on a report on the Infopeople.org web site, titled *Filtering the Internet: Product Comparison Chart as of June 2001*.

Currently, there are 73 out of 250 library systems that have Internet filters installed. In FY 2003, \$452.6 million were distributed to LLGSF. Over 63% of that amount was distributed to the 73 library systems that have Internet filters installed. If those public libraries have no filter in place after 180 days after the effective date of the bill, the LLGSF would lose about \$167 million from state funding. Funding losses will be reduced as libraries install the filters. Costs to install the filters will be several tens of thousands of dollars for software plus some installation costs for a statewide total of up to \$100,000. Some costs are one-time costs.

If a library does not comply with the requirements, it would not receive revenues from the state Library and Local Government Support Fund (LLGSF) through local counties. State revenues in the General Revenue Fund (GRF) would increase if any public library does not comply with the requirements. All of the funds that are not distributed to the LLGSF will be deposited into the GRF. LLGSF receives 5.7% of personal income tax collections per fiscal year.

Generally, LLGSF funding is the major funding for local public libraries. The funding represents 50% to 100% of state and local tax support for libraries. Fines and miscellaneous revenue make up the remaining revenues. Many libraries have no local tax support. Without LLGSF support, libraries with local tax levies would operate at very reduced levels and libraries without local levies would probably close or operate with only volunteer staff.

Prepaid adult entertainment card

The bill (1) expands the prohibition that constitutes the offense of “disseminating matter harmful to juveniles” to include a *prepaid adult entertainment card*, and (2) enacts a distinct penalty provision that applies to a person who commits the offense in violation of that expansion. Under the bill, a violation of that expansion is generally a misdemeanor of the first degree and a felony of the fifth degree under certain circumstances.

Local fiscal effects

County and municipal criminal justice system expenditures. As of this writing, it appears that the likely number of offenders that could be arrested, charged, and prosecuted in any given local jurisdiction as a result of a violation of that prohibition expansion will be relatively small. Assuming that were true, then the annual costs for a county or municipal criminal justice system (investigation, prosecution, adjudication, defense (if the offender is indigent), and sanctioning) to resolve these cases seems unlikely to exceed minimal.

County and municipal court cost and fine revenues. In the matter of local revenues, as the likely number of cases that could be created by the bill appears to be relatively small, any resulting gain in court cost and fine revenues for a given county or municipality annually would not be likely to exceed minimal.

State fiscal effects

Incarceration expenditures. The number of additional offenders that might actually be sentenced to prison annually as a result of the bill appears likely to be relatively small. Thus, any related increase in the Department of Rehabilitation and Correction's GRF-funded incarceration and post-release control costs would be no more than minimal annually.

Court cost revenues. Given the relatively small number of new convictions expected, any potential gain in locally collected state court cost revenues deposited to the credit of the state's GRF and the Victims of Crime/Reparations Fund (Fund 402) is likely to be negligible annually.

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