

Bond Case Briefs

Municipal Finance Law Since 1971

REVENUE - MISSOURI

City of Normandy v. Greitens

Supreme Court of Missouri, en banc - May 16, 2017 - S.W.3d - 2017 WL 2119349

Municipalities and taxpayers filed petition for declaratory judgment and injunctive relief, challenging constitutionality of statutes relating to revenue that municipalities could generate from minor traffic and municipal ordinance violations, and which established reporting requirements for same.

The Circuit Court entered judgment declaring that statutes creating lower cap on revenues were unconstitutional special laws and that statutes relating to financial reporting amounted to unconstitutional unfunded mandate, and it dismissed plaintiffs remaining claims for failure to state claim. State appealed.

The Supreme Court of Missouri held that:

- Statute imposing limits on percentage of operating revenues generated from fines, bond forfeitures, and municipal court costs, based on population classifications, together with statute imposing minimum law enforcement accreditation standards based on population classifications, were presumptively unconstitutional special laws;
- State failed to rebut presumption that statutes were unconstitutional special laws;
- Portion of statute that was unconstitutional special law was severable from remainder of statute that reduced cap to 20% on such revenues that applied to all other counties and municipalities within State;
- Claim that statutes amounted to unfunded mandate, in violation of Hancock Amendment to Missouri Constitution, was not ripe for review;
- Statutes relating to municipality's financial reporting requirements did not violate separation of powers;
- Statute setting time limits for hearings for defendants in custody pursuant to arrest warrant issued by municipal courts did not impermissibly amend or annul court rule entitling defendants to hearing before judge "as soon as practicable";
- Statute requiring that all fines, bond forfeitures, and court costs ordered or collected for minor traffic violations or violations of municipal ordinances be paid to director of revenue if municipality failed to comply with auditing and reporting requirements did not implicate provision of Missouri Constitution municipal corporation with population of under 400,000 "shall receive and retain any fines to which it may be entitled."

Statute imposing 20% cap on percentage of county's operating revenue from fines, bond forfeitures, and court costs from minor traffic violations and municipal ordinance violations for county with charter form of government, except county with more than 950,000 inhabitants and city, town, or village within that county, which were subject to 12.5% cap, together with statute imposing minimum law enforcement accreditation standards for municipalities located within county with charter form of government and more than 950,000 inhabitants, were presumptively unconstitutional special laws for which State was required to offer evidence of substantial justification for special treatment; classifications applied to only one county in State, other

municipalities similar in population to municipalities within affected county were not subject to lower 12.5% revenue cap or to minimum law enforcement requirements, and it was highly unlikely that another county would come within scope of statutes or that population of single affected county would fall below 950,000 in foreseeable future.

State failed to rebut presumption that statute imposing 20% cap on percentage of county's operating revenue from fines, bond forfeitures, and court costs from minor traffic violations and municipal ordinance violations for county with charter form of government, except county with more than 950,000 inhabitants and city, town, or village within that county, which were subject to 12.5% cap, together with statute imposing minimum law enforcement standards for municipalities located within county with charter form of government and with more than 950,000 inhabitants, were unconstitutional special laws, where State provided no evidence of substantial justification for classification.

Provision of statute reducing to 12.5% cap on percentage of operating revenue from fines, bond forfeitures, and court costs from municipal ordinances and minor traffic violations for county with charter form of government with more than 950,000 inhabitants and on city, town, or village within that county, which was unconstitutional special law that applied to only one county within State, was severable from remainder of statute that reduced cap to 20% on such revenues that applied to all other counties and municipalities within State.

Claim by municipalities and residents that statutory scheme reducing from 30% to 12.5% percentage of county's operating revenue from fines, bond forfeitures, and court costs from minor traffic violations and municipal ordinance violations for county with charter form of government and with more than 950,000 inhabitants and on political subdivisions within that county, together with imposition of minimum law enforcement accreditation standards and audit requirements, amounted to unfunded mandate, in violation of Hancock Amendment to Missouri Constitution, was not ripe for review; plaintiffs presented evidence of only potential costs of complying with laws, plaintiffs presented no evidence that General Assembly would not fund accreditation of police departments, and despite potential for increased costs, requirements had not yet become mandate.

Statutes requiring political subdivisions to submit addendum to state auditor with annual financial reports showing figures used in calculating percentage of annual operating revenue generated from fines, bond forfeitures, and court costs for minor traffic violations, requiring municipalities to certify substantial compliance with certain procedures in handling of cases by filing another addendum with state auditor, and requiring director of revenue to send notice to presiding judge of circuit court if any political subdivision failed to comply with addendum requirements or to send excess revenues to director, did not violate separation of powers by shifting Supreme Court's inherent authority to supervise municipal courts to director; it was presiding judge of circuit court, and not director, who ordered clerk of noncomplying municipal court to certify all pending matters until such political subdivision filed accurate addendum and sent excess revenue to director.

Statute granting defendants in custody pursuant to arrest warrant issued by municipal courts right to hearing before judge not later than 48 hours on minor traffic violations or later than 72 hours on other violations, and which required that defendants be released if not given that opportunity, did not impermissibly amend or annul court rule, without identifying rule, requiring that person arrested under warrant for ordinance violation who did not satisfy conditions for release be brought "as soon as practicable" before judge of court that issued warrant, did not violate constitutional provision giving Supreme Court power to "establish rules relating to practice, procedure and pleading for all courts and administrative tribunals"; municipalities could comply with both statute and rule to bring defendants before judge "as soon as practicable," as statute merely imposed time limit within which to do so.

Statute requiring that all fines, bond forfeitures, and court costs ordered or collected for minor traffic violations or violations of municipal ordinances be paid to director of revenue if municipality fails to comply with auditing and reporting requirements relating to calculation of percentage of general operating revenues obtained from fines, bond forfeitures, and court costs did not implicate Missouri Constitution provision that municipal corporation with population of under 400,000 “shall receive and retain any fines to which it may be entitled”; amount of fines, if any, that municipality was “entitled” to keep for ordinance violations was function of statute, not Constitution, and Constitution left determination as amount that municipality was entitled to keep to General Assembly.