

## The 2010-11 Budget: Automated Speed Enforcement Merits Authorization

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As part of the January 2010 special session related to the state's budget shortfall, the administration proposes a new strategy to generate additional state revenues that would be used for the support of the trial courts from penalties imposed on drivers who are caught speeding through the use of automated speed enforcement (ASE) systems. In this brief, we (1) outline how ASE systems would work, (2) assess the administration's estimate of new state revenues from this approach, (3) comment on its merit, and (4) offer some strategies for improving upon this proposed budget solution.

### **Governor's Budget Proposal**

***New and Different Penalties.*** Currently, state law authorizes cities and counties to use automated enforcement systems to identify drivers who enter a local intersection when the traffic signal light is red. The Governor's special session budget package proposes statutory changes to (1) authorize local governments to also use automated enforcement systems to identify individuals driving greater than the posted speed limit and (2) establish new and different penalties for drivers caught speeding by such systems. Specifically, drivers who exceeded the speed limit by

up to 15 miles per hour (mph) or less would receive a \$225 fine, while those who exceeded the speed limit by more than 15 mph would receive a \$325 fine. The administration estimates that these changes would result in additional revenue of \$398 million in 2010-11 and \$477 million upon full implementation in future years.

***Split of Revenues Would Change.*** Existing state law allocates revenue collected from most traffic violations among a myriad of special fund accounts at both the state and local level based on a variety of factors, including where the violation occurred and which law enforcement agency issued the citation. Under the Governor's proposal, however, the revenue collected from fines issued using an ASE system would not be subject to the current allocation process. Instead, 85 percent of the revenue (\$338 million in 2010-11) would be transferred to the state and then deposited in the Trial Court Trust Fund, which is used to support the operations of trial courts. The remaining 15 percent of revenues (\$60 million in 2010-11) would be allocated to the city or county in which the violation occurred.

***How State Revenues Would Be Spent.*** For 2010-11, the budget proposal assumes that the state's \$338 million share in additional revenues

would be deposited in the Trial Court Trust Fund. Of this amount, the budget allocates \$41 million for increased court security costs and \$297 million to fully offset a proposed General Fund reduction to the trial courts. In addition, the proposed budget bill includes language specifying that the Director of Finance could increase the amount available for expenditure from the Trial Court Trust Fund by up to \$297 million to make up for a shortfall in the projected ASE fine revenue. Because the Trial Court Trust Fund is heavily supported from the General Fund, this would in all likelihood increase General Fund expenditures in the budget year if there was a shortfall in ASE revenues.

### **How Would the Proposed ASE Systems Work?**

According to the administration, the ASE systems would operate similarly to the existing automated red light enforcement systems. For example, when a driver speeds through an intersection, automated cameras would take a photograph of the driver, as well as the license plate of the vehicle. The administration indicates that many of the roughly 600 automated red light enforcement systems that currently exist throughout the state could be modified to also identify individuals speeding through intersections—regardless of whether the traffic signal light was red. This is because most of existing systems currently have the capability to track a vehicle's speed.

As is the case with the existing automated red light enforcement systems, a photograph capturing the alleged violations, as well as any pertinent data (such as the speed of the vehicle), would generally be transmitted to the private vendor that installed and monitors the

ASE system. The vendor would then review the information based on criteria established in an agreement with the local government operating the system. For example, a vendor could be directed to ignore violations that are below a certain threshold above the posted speed limit (for example, driving less than 5 mph faster than allowed). Following this review process, the vendor would transmit to the local jurisdiction all alleged violations that meet these criteria for them to determine whether to issue a citation. Under the Governor's proposal, and similar to the existing systems for red light enforcement, only designated peace officers in the local jurisdiction would be authorized to issue the citation.

### **How Much Revenue Could Actually Be Generated?**

While the Governor's proposal estimates that ASE systems will generate a total of \$398 million in additional fine revenue in 2010-11, our analysis indicates that the actual level of revenue would depend heavily on a variety of factors, as discussed below.

***Participation of Local Governments.*** The primary factor that would impact the amount of revenue generated is the extent to which cities and counties chose to implement an ASE system within their jurisdiction—whether it be by modifying an existing automated red light enforcement system to include ASE capabilities or by installing a new system where none now exists. The administration's revenue estimate assumes that at least 500 of the roughly 600 existing automated red light enforcement systems in the state will be converted in the budget year to also capture speeding violations. However, the willingness of local governments to implement an ASE system will in large part depend on whether they are

convinced that there is a public safety benefit, as well as a fiscal incentive, to do so.

Our review of the available research indicates that ASE systems used in other localities have generally led to varying levels of reduction in traffic violations and accidents. For example, an ASE system implemented in the United Kingdom appeared to cause about a 45 percent decline in injury crashes, while a similar system implemented in Norway appeared to reduce injury crashes by 20 percent. In addition, a study found a 40 percent reduction in accidents after an ASE system was implemented in Paradise Valley, Arizona. Similarly, in 2002, the Bureau of State Audits (BSA) found an overall 10 percent decline in accidents caused by individuals driving past red traffic signal lights in local jurisdictions in California that use automated enforcement systems.

Although the evidence suggests that ASE systems would likely improve traffic safety, some local governments may not be interested in utilizing such systems from a fiscal standpoint. As mentioned above, the Governor's proposal would allocate 15 percent of the ASE fine revenues to the city or county where the violation occurred. For example, under the Governor's proposal, a city would receive about \$49 (or 15 percent) of the \$325 fine collected from each individual driving more than 15 mph above the posted speed limit. In comparison, a city may receive about \$87 (or about 20 percent) of the \$446 fine collected from each individual cited by a police officer (without the use of ASE) for speeding by more than 25 mph. Moreover, a city may receive around \$155 (or about 35 percent) of the \$446 fine issued for driving through a red signal light, including those monitored with an automated enforcement system.

According to the administration, local governments would generally not have to pay the upfront costs to install the equipment necessary to implement an ASE system. It assumes these costs would ordinarily be borne by vendors. However, local governments would incur other costs. For example, there would be increased workload to review and authorize ASE citations. In addition, they would have to pay a vendor to monitor the system on an ongoing basis. Based on cost data from the 2002 audit by BSA on automated red light enforcement systems, our analysis indicates that some local governments might not receive sufficient fine revenues under the Governor's proposal to fully cover all of the costs to operate and maintain ASE systems. Thus, there could be little fiscal incentive for them to establish such systems in their jurisdiction.

***Number of Violations Issued.*** The number of violations issued by local law enforcement agencies in localities that chose to implement an ASE would also greatly affect the amount of revenue generated under the Governor's proposal. Based on data collected on ASE systems used in other states, the administration assumes that four-times more ASE violations will be issued than red light violations. According to the administration, each automated red light enforcement system in California generally issues around 100 violations each month. As a result, the administration estimates that on average each of the assumed 500 ASE systems would issue 400 speeding violations each month, or about 2.4 million per year. Moreover, the administration assumes that 60 percent of all ASE violations issued would be for a fine of \$225 (speeding by up to 15 mph), with the remaining 40 percent at \$325 (speeding by more than 15 mph).

**Collection of Fines.** Regardless of how many ASE violations are issued, trial courts must be able to collect the necessary fines from the cited offenders. The administration’s revenue estimate assumes that about 75 percent of the fines imposed will be successfully collected. However, the Administrative Office of the Courts (AOC) is unable at this time to provide adequate information on what percentage of existing fines that are issued are actually collected by the courts. Thus, it is possible that trial courts will not be able to collect ASE fines at the rate assumed by the administration. Moreover, whenever a new fine or penalty has been established in the past—or when an existing fine or penalty is increased—there are often errors and problems in the collection of fees at the local level.

The administration’s estimate of revenues from implementation of ASE are conservative in a number of respects. (For example, the estimate assumes that ASE systems would only be implemented at intersections that are currently monitored with automated red light enforcement systems.) However, we believe some key assumptions may be somewhat optimistic. One example is the assumption that over 80 percent of the existing automated red light enforcement systems in the state will be modified and fully operational in six months to include ASE capabilities. This appears unlikely, especially given the administration’s proposed division of revenue between the state and local governments, an approach that may provide inadequate incentive to localities to further this approach. Accordingly, we believe

that it is unlikely that the ASE proposal would generate the full \$398 million assumed in the proposed budget for 2010-11.

**Governor’s Proposal Has Merit, but Also Some Shortcomings**

Given that the Legislature has already authorized cities and counties to use automated red light enforcement systems, we believe that the Governor’s special session proposal would provide local governments with an additional option to further improve traffic safety while potentially providing a fiscal benefit to the state and local governments. Thus, we find that it merits legislative consideration. However, we have identified two shortcomings with the Governor’s special session proposal that we discuss below.

**ASE Fines Differ From Existing Speeding Violation Fines.** Under the Governor’s proposal, drivers caught for speeding by an ASE system would, depending upon their speed, pay either a greater or a lesser fine than if caught for the same violation by a county sheriff or city policy officer. Figure 1 summarizes the different fine amounts based on the vehicle’s speed relative to the posted speed limit. As indicated in the figure, a driver cited for speeding by more than 15 mph

**Figure 1  
Governor’s Proposed ASE Fines Differ From Existing Speeding Fines**

Speeding Offense	Total Fine <sup>a</sup>
<b>Proposed ASE System</b>	
Exceeding speed limit by up to 15 mph	\$225
Exceeding speed limit by more than 15 miles mph	325
<b>Existing Enforcement Conditions</b>	
Exceeding speed limit by up to 15 mph	\$212
Exceeding speed limit by 16 to 25 mph	332
Exceeding speed limit by more than 25 mph	446

<sup>a</sup> Actual amounts of existing speeding fines can vary based on several factors, such as the violation history of the driver.

ASE = automated speed enforcement; MPH = miles per hour.

through an ASE system would be fined \$325. In contrast, a driver cited by an officer for exceeding the speed limit by 16 to 25 mph is generally fined \$332 and \$446 for speeding by more than 25 mph. On the other hand, someone exceeding the speed limit by less than 15 mph would pay \$225 under ASE but \$212 otherwise for the same offense. We find no policy rationale for structuring the penalties differently and levying a different fine amount for essentially the same speeding behavior.

**Directing Revenue to Courts Limits Budgeting Flexibility.** The Governor's proposal to devote the state's share of the new revenues entirely to support trial courts is problematic. The administration has not provided a compelling policy rationale for linking these penalty revenues to trial court operations, such as court security. Notably, a court security fee paid by criminal offenders already exists to support the costs of providing security in the courts. In addition, we have not received sufficient information at this time from AOC to justify the need for additional funding for court security. Finally, we find that the Governor's proposed restrictions on the uses of the revenue would significantly limit the Legislature's flexibility in meeting its budget priorities each year. The Legislature has the option of depositing the proceeds from this new revenue source into the state General Fund, where it could be budgeted to support whatever state programs it deemed to be most worthwhile.

### **LAO Recommendations**

Our assessment is that ASE systems could result in increased traffic safety (which has potential state and local fiscal benefits, such as from reduced health care costs) as well as a significant potential direct fiscal benefit. Accordingly, we recommend the Legislature approve the Governor's proposal to allow local governments

to utilize such systems on a voluntary basis. However, to address the shortcomings we have identified above, we recommend modifying the proposal in three ways. In addition, we suggest that the Legislature may want to change how the additional penalty revenues would be allocated between the state and local governments, in order to provide a sufficient fiscal incentive for local governments to participate in the program.

**Establish Fines Identical to Existing Speeding Fines.** We recommend that the Legislature modify the Governor's proposal so that the total amount paid for exceeding the speed limit when caught by an ASE system matches the total amount a driver currently pays under existing state law when caught by a sheriff or police officer. We note that, because the Governor's proposed ASE fines differ from existing speeding fines, our recommendation could result in a modest net reduction in the estimated revenue assumed in the Governor's budget.

**Deposit New Revenues in the General Fund.** The Governor's proposal to not subject the ASE fine revenue to the very complex process currently used to distribute other penalty and fine revenues is a step in the right direction. It helps to move the state toward a more simplified and less restrictive process for both the state and local governments.

However, we find that the Governor's proposal could be improved by providing even greater flexibility to the Legislature to prioritize the use of the state's share of these revenues on an annual basis. Specifically, we recommend that the Legislature modify the Governor's proposal to deposit the proceeds in the General Fund rather than the Trial Court Trust Fund. This would ensure that the Legislature has full flexibility to budget these funds for its statewide priorities. Depending on the Legislature's assessment of the state's needs in any given year, this could include

trial court operations or other programs. In addition, the Legislature may wish to consider initiating efforts to restructure the existing overly complex fine and penalty revenue distribution system.

***Increase Oversight of Fine Collections and Allocations.*** As noted above, there are often errors in the collection and distribution of the fine revenues. In order to ensure that any revenue generated by ASE systems is appropriately collected and remitted to the state, the Joint Legislative Audit Committee may wish to request that BSA carry out an audit of the collection and distribution of the new revenue.

***Consider Changing the Split of Revenues.*** As discussed above, it is important that local governments have a fiscal incentive—or at least no fiscal disincentive—to implement ASE systems in their jurisdiction. As we noted earlier, it is possible that 15 percent of the total fine revenue collected may not be sufficient for cities and counties to cover the costs to operate the system and pay a vendor to maintain and monitor it on an ongoing basis. As a result, the Legislature could consider increasing the share of the revenue that would be directed to local governments. For example, based on cost data from the 2002 BSA audit on automated red light enforcement systems in the state, the Legislature may want to increase the local share to 25 percent of total ASE fine revenue. Such a change might not only encourage localities to convert automated red light enforcement systems to include ASE; it might also convince them to add both capabilities to intersections without any such systems, potentially resulting in additional revenue gains to the state and to local government agencies.

In addition, we note that the administration's proposed budget trailer legislation to authorize the use of ASE systems specifies that the local government share of the fine revenue would be allocated to the city or county in which the viola-

tion occurred. We recommend that the Legislature revise the proposed legislation to instead require that the local share of the revenue be allocated to the local government that *operates* the ASE system, as this might not always be the same entity that is responsible for the jurisdiction where the violation occurred. For example, the existing automated red light enforcement systems in the City of Sacramento are operated on its behalf by the County of Sacramento. Our proposed change would ensure that the local government incurring the expenses of the system receives the revenue.

***Modify Amount of Projected ASE Fine Revenue.*** As previously mentioned, the administration's projections on how much revenue will be generated from the utilization of ASE systems in the state appears overly optimistic, particularly given the likelihood that the 15 percent share provided to localities is too small an incentive to move this strategy forward. Consequently, the actual level of revenue generated under the Governor's proposal could be far less than the \$398 million assumed in the budget for 2010-11. If the Legislature were to increase the share to local governments to 25 percent, as we suggested in our earlier example, we estimate that the ASE systems proposal would generate around \$200 million in total revenues in 2010-11 with about \$150 million allocated to the state. (This amount would increase in future years.) Our estimate assumes that about half of the existing automated red light enforcement systems would be modified in the budget year to include ASE capabilities. More importantly, it assumes that the Legislature acts quickly—as we would recommend—to approve the authorization of ASE systems across the state, in order to provide sufficient time for cities and counties to plan and implement such systems in their jurisdictions.

## AN LAO REPORT

These recommendations should all be considered preliminary. We are still receiving additional information on the costs to cities and counties to operate ASE systems that may prompt us to modify our revenue estimate and recommendations.

# AN LAO REPORT

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This report was prepared by Drew Soderborg, and reviewed by Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office which provides fiscal and policy information and advice to the Legislature.

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