



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

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October 16, 2024

Honorable Mary Sheffield, Council President
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Fiscal Impact of Amendments to Chapter 31 of the Detroit City Code – Misdemeanor Violations

Dear Council President Sheffield:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss further.

Best regards,

Tanya Stoudemire
Chief Deputy CFO / Interim Budget Director

Att: CFO Fiscal Impact Statement No. 2024-110-013

cc: Honorable Detroit City Council
Jay B. Rising, CFO
John Naglick, Jr., Chief Deputy CFO/Finance Director
Malik Washington, City Council Liaison
David Whitaker, Director-Legislative Policy Division



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CFO FISCAL IMPACT STATEMENT NO. 2024-110-013

SUBJECT: Fiscal impact of Proposed Misdemeanor Ordinance Amendment
PREPARED BY: Office of the CFO – Office of Budget
DATE ISSUED: October 16, 2024

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the Chief Financial Officer shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City will have on the City's annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements ("FIS") for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

2. PURPOSE

- 2.1. To provide financial information to the Mayor and the Detroit City Council as they consider action on the Misdemeanor Ordinance.

3. OBJECTIVE

- 3.1. This FIS serves as the report on the fiscal impact of the Misdemeanor Ordinance in relation to the City's annual budget for FY 2025 and four-year financial plan for FY 2025 – FY 2028 (the "City budget").

4. SCOPE

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the proposal, except for those components that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is based on the proposal as described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

5. STATEMENT

- 5.1. Conclusion: The Misdemeanor Ordinance has a **negative fiscal impact** on the City budget.
- 5.2. Background: The proposed ordinance impacts the Law Department, Detroit Police Department (DPD), and 36th District court by creating certain misdemeanor offenses under City code that mirror State law. Examples of newly created offenses includes false statements to an officer during an investigation, assault and battery, domestic violence, leaving a child unattended in a vehicle, throwing, propelling or dropping a stone or object

at a train or vehicle, embezzlement, larceny, retail fraud, and possession of a firearm under the influence of intoxicants.

5.3. Fiscal Impact: The Misdemeanor Ordinance would have a **negative fiscal impact** on the City budget. The Law Department would carry out the management and completion of cases of the newly created City misdemeanors. This amendment will require additional staffing within the Law Department following the discontinuation of federal American Rescue Plan Act (ARPA) funding in December of 2025. Law will be able to carry out these additional administrative responsibilities with its current ARPA-funded staff in FY 2025 and the first half of FY 2026. However, Law would need five additional lawyers and one paralegal to carry out the provisions of this ordinance once ARPA-related funding is no longer available.

The offenses outlined are already enforced by DPD under its current operations. DPD would carry out enforcement of all specified misdemeanor violations within its existing budget, as is current practice. Thus, the amended ordinance would not require additional personnel or the identification of additional resources to enforce the ordinance within DPD.

The Misdemeanor Ordinance will result in increased revenue from 36th District Court fines and penalties. By adding the offenses under City code, fine collections that previously were transferred to the State will now be retained as General Fund revenue. The increased court revenue may partially offset the Law administrative costs as shown in the table below. However, the overall revenue impact is indeterminate and cannot be quantified at this time.

City of Detroit
FIS - Misdemeanor Ordinance

	FY 2025 ¹	FY 2026 ²	FY 2027	FY 2028
Salaries (Lawyers , Count: 5)	\$ -	\$ 245,707	\$ 511,070	\$ 511,070
Salaries (Paralegal, Count 1)	-	34,776	72,332	72,332
Fringe	-	90,456	188,147	188,147
Total, Personnel Costs (Law Department)	\$ -	\$ 370,938	\$ 771,549	\$ 771,549
Case Tracking Software - Initial Startup Costs	\$ -	\$ 50,000	\$ -	\$ -
Case Tracking Software - Recurring Annual Costs	-	50,000	50,000	50,000
Total, Operating Costs (Law Department)	\$ -	\$ 100,000	\$ 50,000	\$ 50,000
Net impact on Four-Year Financial Plan³	\$ -	\$ 470,938	\$ 821,549	\$ 821,549

Notes:

- (1) No financial impact in FY25 as personnel need is currently being supported by ARPA staff
- (2) FY26 personnel costs demonstrate a six-month impact due to ARPA Staff ending Dec 31, 2025.
- (3) A portion of this incremental cost may be offset by increased court revenue, but any revenue impacts are indeterminate.

APPROVED

A handwritten signature in cursive script, reading "Tanya Stoudemire", is written over a horizontal line.

Tanya Stoudemire

Chief Deputy CFO / Interim Budget Director