

HB18-1020 an Economic Analysis

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Civil asset forfeiture is the practice of seizing property, or monies, suspected of being utilized to commit a crime, by law enforcement officials.

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Law enforcement, like any other goods or service

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increases the marginal benefit for law enforcement at all levels, as is indicated by the marginal private benefit curve, or MPB. This leads to a socially inefficient outcome because the effective enforcement level for revenue producing transgressions is now greater than the social optimum, and thus a greater amount of law enforcement's resources are being utilized to pursue crimes that

marginal cost curve closer to the MSC. However, due to the ambiguity of the bill, there is no reason to believe that the 'reporting agency' will be sufficiently independent of the 'seizing agency'. Therefore, there is no reason to believe that this will have any tangible influence on the incentive structure faced by law enforcement, and the effects are likely to be null.

The changes in respect to the disbursement formula will have little to no effect on the incentives faced by law enforcement as well, and thus will be insufficient to alter behavior. Prior to this bill, 50% of the revenue generated through forfeitures were distributed to the relevant law enforcement agency and their overarching municipality, while the other 50% went to the relevant MSO that is tied to that municipality. Under HB18-1020

curve outward, and the effective enforcement level for revenue producing infractions thus increases. The result is a net societal loss as even more resources are being expended to enforce revenue generating infractions at the expense of socially desirable goals that can no longer be achieved.

This bill also fails to address one of the most fundamental issues associated with civil asset forfeiture. Since the burden of proof necessitated by forfeiture law remains unchanged the

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Works Cited:

Donald J. Boudreaux; A. C. Pritchard, Civil Forfeiture and the War on Drugs: Lessons from Economics and History, 33 San Diego L. Rev. 79 (1996)