

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1136-01
Bill No.: HB 303
Subject: Prisons and Jails; Department of Corrections; Crimes and Punishment
Type: Original
Date: January 24, 2019

Bill Summary: This proposal changes the laws regarding prison canteen funds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$152,148)	(\$182,577)	(\$182,577)
Total Estimated Net Effect on General Revenue	(\$152,148)	(\$182,577)	(\$182,577)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Inmate Canteen Fund	\$152,148	\$182,577	\$182,577
Total Estimated Net Effect on <u>Other</u> State Funds	\$152,148	\$182,577	\$182,577

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§217.195 - Prison Canteen Funds

Officials from the **State Treasurer's Office (STO)** state §217.195.3(3) requires interest and moneys earned on such investments currently credited to the General Revenue Fund to be credited to the Inmate Canteen Fund.

Listed below are the average daily balances for the months of July through December 2019:

July	\$5,267,554
August	\$9,816,396
September	\$9,622,982
October	\$9,251,340
November	\$9,274,518
December	<u>\$8,932,143</u>
Total	\$52,164,933

Estimated average daily balance \$8,694,156 ($\$52,164,933 / 6$)

The estimated yield on state funds is 2.10 percent. Therefore, the estimated loss of interest to General Revenue is approximately \$152,148 for FY2020 and \$182,577 ($\$8,694,156 * .021$, rounded down) for FY2021 and FY2022.

Officials from the **Department of Corrections (DOC)** do not expect a fiscal impact from this legislation since the Inmate Canteen Fund is currently operating within the proposed statutory guidelines. The addition of reentry services as an allowable expenditure will be subject to appropriation from the legislature.

Oversight notes any unexpended balance in the pre-June 30, 2020, inmate canteen fund shall be transferred to the post-June 30, 2020 inmate canteen fund established under subsection 3 of §217.195. The balance in this fund at December 31, 2018 was \$8,961,782. This will allow for the DOC to include some additional allowable expenditures to this fund. For purposes of this fiscal note, Oversight will show a one-time transfer in and out of this fund of \$9 million.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Loss - STO (\$217.195)</u>			
Reduction in interest	<u>(\$152,148)</u>	<u>(\$182,577)</u>	<u>(\$182,577)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$152,148)</u>	<u>(\$182,577)</u>	<u>(\$182,577)</u>
<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
INMATE CANTEEN FUND			
<u>Income - STO (\$217.195)</u>			
Interest Earned to fund	\$152,148	\$182,577	\$182,577
<u>Transfer-In - DOC (\$217.195)</u>			
Transfer -in from Canteen Fund post- June 30, 2020	\$9,000,000	\$0	\$0
<u>Transfer-Out - DOC (\$217.195)</u>			
Transfer -out from Canteen Fund pre- June 30, 2020	<u>(\$9,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INMATE CANTEEN FUND	<u>\$152,148</u>	<u>\$182,577</u>	<u>\$182,577</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill specifies that the chief administrative officer of any correctional center may, with the approval of the Director of the Department of Corrections, establish and operate a canteen or commissary for the use and benefit of the offenders. The bill specifies provisions that shall apply for all money collected and expended for a canteen or commissary before June 30, 2020.

The bill establishes in the state treasury the "Inmate Canteen Fund," and it specifies terms and conditions for the fund, including that the State Treasurer shall be the custodian of the fund and that money in the fund must be used to collect all revenue and pay operating expenses of the inmate canteens. On June 30, 2020, the unexpended balance in any inmate canteen fund shall be transferred from the canteen fund established prior to June 30, 2020, to the canteen fund established after June 30, 2020, and all canteen funds established prior to June 30, 2020, will be abolished.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
State Treasurer's Office



Kyle Rieman
Director
January 24, 2019

Ross Strobe
Assistant Director
January 24, 2019