

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1136-03  
Bill No.: HCS for HB 303  
Subject: Prisons and Jails; Department of Corrections; Crimes and Punishment  
Type: Original  
Date: February 5, 2019

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

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

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

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

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

## 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 2018:

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.

In response to the previous version, 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-August 28, 2019, inmate canteen fund shall be transferred to the post-August 28, 2019, 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
<b>GENERAL REVENUE FUND</b>			
<u>Loss - STO (\$217.195)</u>			
Reduction in interest	<u>(\$152,148)</u>	<u>(\$182,577)</u>	<u>(\$182,577)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$152,148)</u></b>	<b><u>(\$182,577)</u></b>	<b><u>(\$182,577)</u></b>
<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>INMATE CANTEEN FUND</b>			
<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- August 28, 2019	\$9,000,000	\$0	\$0
<u>Transfer-Out - DOC (\$217.195)</u>			
Transfer -out from Canteen Fund pre- August 28, 2019	<u>(\$9,000,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE INMATE CANTEEN FUND</b>	<b><u>\$152,148</u></b>	<b><u>\$182,577</u></b>	<b><u>\$182,577</u></b>
<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 August 28, 2019.

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 August 28, 2019, 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 August 28, 2019, and all canteen funds established prior to August 28, 2019, 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  
February 5, 2019

Ross Strobe  
Assistant Director  
February 5, 2019