

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4484-01
Bill No.: HB 1899
Subject: Department of Corrections; Prisons and Jails
Type: Original
Date: January 24, 2020

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$153,609)	(\$184,331)	(\$184,331)
Total Estimated Net Effect on General Revenue	(\$153,609)	(\$184,331)	(\$184,331)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Inmate Canteen Fund	\$153,609	\$184,331	\$184,331
Total Estimated Net Effect on <u>Other</u> State Funds	\$153,609	\$184,331	\$184,331

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
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	\$9,558,427
August	\$9,144,796
September	\$8,877,106
October	\$8,845,742
November	\$8,261,994
December	<u>\$7,977,842</u>
Total	\$52,665,907

Estimated average daily balance \$8,777,651 (\$52,665,907 / 6)

The estimated yield on state funds is 2.10 percent. Therefore, the estimated loss of interest to General Revenue is approximately \$153,609 for FY2021 (10 months) and \$184,331 (\$8,777,651 *.021, rounded up) for FY2022 and FY2023.

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, 2020, inmate canteen fund shall be transferred to the post-August 28, 2020, inmate canteen fund established under subsection 3 of §217.195. The balance in this fund at December 31, 2019 was \$7,977,842. 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 \$8 million in FY 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Loss</u> - STO (§217.195) Reduction in interest revenue (retained by the new Inmate Canteen Fund)	<u>(\$153,609)</u>	<u>(\$184,331)</u>	<u>(\$184,331)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$153,609)</u>	<u>(\$184,331)</u>	<u>(\$184,331)</u>
INMATE CANTEEN FUND			
<u>Income</u> - STO (§217.195) Interest Earned to fund instead of General Revenue	\$153,609	\$184,331	\$184,331
<u>Transfer-In</u> - DOC (§217.195) Transfer-in from Canteen Fund post-August 28, 2020	\$8,000,000	\$0	\$0
<u>Transfer-Out</u> - DOC (§217.195) Transfer-out from Canteen Fund pre-August 28, 2020	<u>(\$8,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INMATE CANTEEN FUND	<u>\$153,609</u>	<u>\$184,331</u>	<u>\$184,331</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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

Beginning August 28, 2020, this bill repeals authorization for a separate commissary account, that is currently used for operational expenses, and an "Inmate Canteen Fund" that is used for the benefit of inmates. Instead, a new "Inmate Canteen Fund" is created beginning on August 28, 2020, that will serve both functions.

The State Treasurer shall be the custodian of the new fund and money in the fund must be used to collect all revenue and pay operating expenses of the inmate canteens. The new fund will also be used for specified inmate benefits. The unexpended balance in the existing fund will be transferred to the new fund established after August 28, 2020.

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



Julie Morff
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January 24, 2020



Ross Strobe
Assistant Director
January 24, 2020