

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1042H.01P
Bill No.: Perfected HB 352
Subject: Corrections, Department of; Prisons and Jails
Type: Original
Date: April 20, 2021

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| General Revenue | (\$25,471) | (\$30,565) | (\$30,565) |
| Total Estimated Net Effect on General Revenue | (\$25,471) | (\$30,565) | (\$30,565) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-----------------|-----------------|-----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| Inmate Canteen Fund* | \$25,471 | \$30,565 | \$30,565 |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$25,471 | \$30,565 | \$30,565 |

*This proposal specifies that interest proceeds will be credited to the Inmate Canteen Fund. Currently, the interest proceeds are credited to the General Revenue Fund.

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§217.195 – Prison canteen funds

Officials from the **Office of the State Treasurer (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 2020:

| | |
|-----------|--------------------|
| July | \$6,588,940 |
| August | \$6,669,476 |
| September | \$6,158,167 |
| October | \$5,914,689 |
| November | \$5,771,371 |
| December | <u>\$5,575,394</u> |
| Total | \$36,678,037 |

The estimated average daily balance is \$6,113,006 ($\$36,678,037 / 6$). The STO's effective rate of return for FY 2021 is 0.5%. The estimated yield on state funds is 0.50 percent. If interest rates increase, the STO could increase its rate of return and the fiscal note would increase. Therefore, the estimated loss of interest to General Revenue is approximately \$25,471 for FY 2022 (10 months) and \$30,565 for FY 2023 and FY 2024 ($\$6,113,006 * 0.005$).

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, 2021, inmate canteen fund shall be transferred to the post-August 28, 2021, inmate canteen fund established under subsection 3 of §217.195. The balance in this fund at December 31, 2020 was \$5,779,967. 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 \$5.8 million in FY 2022.

| <u>FISCAL IMPACT – State Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|---|--------------------------|--------------------------|--------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Loss - STO</u> (§217.195) Reduction in interest revenue (now retained by the new Inmate Canteen Fund) | <u>(\$25,471)</u> | <u>(\$30,565)</u> | <u>(\$30,565)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | <u>(\$25,471)</u> | <u>(\$30,565)</u> | <u>(\$30,565)</u> |
| INMATE CANTEEN FUND | | | |
| <u>Income - STO</u> (§217.195) Interest earned to fund instead of General Revenue | \$25,471 | \$30,565 | \$30,565 |
| <u>Transfer-In to New - DOC</u> (§217.195) Transfer-in from Canteen Fund post-August 28, 2021 | \$5,800,000 | \$0 | \$0 |
| <u>Transfer-Out from Old - DOC</u> (§217.195) Transfer-out from Canteen Fund pre-August 28, 2021 | <u>(\$5,800,000)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON THE INMATE CANTEEN FUND | <u>\$25,471</u> | <u>\$30,565</u> | <u>\$30,565</u> |

| <u>FISCAL IMPACT –</u> <u>Local Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|---|---------------------|------------|------------|
| | | | |
| | <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

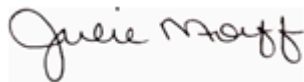
Beginning August 28, 2021, this bill repeals authorization for a separate commissary account, that is currently used for operational expenses, and retains an "Inmate Canteen Fund" that is used for recreational, religious, educational, and reentry services.

The State Treasurer shall be the custodian of the Fund and money in the Fund must be used to collect all revenue and pay operating expenses of the inmate canteens. The unexpended balance in the existing fund will not revert to General Revenue, but will be retained in the Fund.

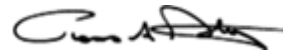
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
Office of the State Treasurer



Julie Morff
Director
April 20, 2021



Ross Strobe
Assistant Director
April 20, 2021