

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1113S.01I
Bill No.: SB 128
Subject: Corrections, Department of; Treasurer, State; Prisons and Jails
Type: Original
Date: January 25, 2021

Bill Summary: This proposal modifies provisions relating to the operation of canteens and commissaries by correctional centers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund*	(\$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 instead of 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 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	\$6,659,476
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 –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Loss - STO (\$217.195)</u> 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 Fund	\$25,471	\$30,565	\$30,565
<u>Transfer-In to New -</u> DOC (\$217.195) Transfer-in from Canteen Fund post- August 28, 2021	\$5,800,000	\$0	\$0
<u>Transfer-Out from Old</u> - DOC (\$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 – 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

Under current law, the chief administrative officer of a correctional center may operate a canteen or commissary for the use and benefit of the offenders with the approval of the Division Director. Each correctional center keeps revenues received from the canteen or commissary to purchase the goods sold and other operating expenses.

Under this act, the Director of the Department of Corrections must approve the creation and operation of any canteen or commissary. This act also creates the "Inmate Canteen Fund" in the state treasury which shall consist of funds received from the inmate canteens. Any proceeds generated from this fund shall be expended solely for the purpose of improving inmate recreational, religious, educational, and reentry services.

This act repeals the current "Inmate Canteen Fund", which receives the remaining funds from sales of the canteen or commissary.

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



Ross Strobe
 Assistant Director

L.R. No. 1113S.01I
Bill No. SB 128
Page **6** of **6**
January 25, 2021

January 25, 2021

January 25, 2021