

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number SB 320

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|------------------------|---------------------------------------|-------------------------------------|--|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input checked="" type="checkbox"/> Enrolled |

2. Patron Stolle

3. Committee Passed both houses

4. Title Virginia Racketeer Influenced and Corrupt Organization Act

5. Summary/Purpose:

The proposed legislation would prohibit any person or enterprise from receiving proceeds derived from racketeering activity or using such proceeds to acquire an interest in real property or to establish an enterprise. The penalty for a first conviction would be a sentence of 5-40 years and a fine of up to \$1 million. A second or subsequent offense would be a Class 2 felony and be subject to a fine of up to \$2 million.

Racketeering activity is defined as committing or soliciting, or coercing, another to commit any two or more of a specified list of offenses. The predicate offenses would include gang activity, terrorism, homicide, kidnapping, assault, arson, burglary, larceny, embezzlement, forgery, credit card fraud, money laundering, prostitution, weapons offenses, gambling, obscenity distribution, perjury, bribery, and government fraud.

The legislation also would make it a Class 6 felony to transmit money derived from or traceable to racketeering activity.

Finally, the bill increases the penalty for selling, purchasing, or transporting cigarettes for the purpose of evading the taxes on those products. Currently, the offense is a Class 2 misdemeanor. The proposed legislation would make the offense a Class 6 felony if it involved 3,000 or more packages of cigarettes.

6. Fiscal Impact Estimates are: Final. See Item 8.

7. Budget amendment necessary: None.

8. Fiscal implications:

Because the proposed legislation creates several new criminal offenses with substantial potential sentences and increases the penalty for transporting a large quantity of illegal cigarettes, it could result in additional persons being sentenced to the Commonwealth's prison system. The Virginia Criminal Sentencing Commission has noted this possibility, but cannot determine the possible extent of any impact, if any, due to the lack of information.

Nevertheless, given the broad sweep of offenses that are included in the definition of racketeering, the legislation could result in a significant increase in the number of persons in state prisons, if Commonwealth's attorneys were to use it aggressively.

9. Specific agency or political subdivisions affected: Department of Corrections

10. Technical amendment necessary: None.

11. Other comments: Identical to HB 1123.

Date: 03/24/04 / rwh

Document: G:\LEGIS\Fis-04\SB320ER.Doc Dick Hall-Sizemore

cc: Secretary of Finance

Secretary of Public Safety