

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number: HB 1403**

House of Origin    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
Second House    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Hope

**3. Committee:** Militia, Police and Public Safety

**4. Title:** Inmate telephone services

**5. Summary:**

The proposed legislation would limit commission payments to the Commonwealth from companies that provide inmate telephone service to 10 percent of the net revenue realized by the provider. Furthermore, the legislation would require that all revenue collected from such commissions be deposited into a special fund and used for independent pre-release and post-release reentry and transition services, such as those supported by charitable and faith-based organizations. The Department of Criminal Justice Services would have the responsibility of determining which organizations would receive grants from the special fund.

**6. Budget Amendment Necessary:** Yes. Front page—revenue.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8 below.

**Revenue Impact:**

Fiscal Year	Dollars	Fund	Dollars	Fund
2016	(\$2,582,000)	General	\$737,714	0200
2017	(\$2,582,000)	General	\$737,714	0200
2018	(\$2,582,000)	General	\$737,714	0200
2019	(\$2,582,000)	General	\$737,714	0200
2020	(\$2,582,000)	General	\$737,714	0200
2021	(\$2,582,000)	General	\$737,714	0200

**8. Fiscal Implications:**

Under the contract that the Commonwealth currently has with a vendor to provide telephone service for inmates in state correctional facilities, the vendor pays a commission of 35 percent of net revenue, which is deposited directly into the state's general fund. The general fund revenue estimate in the budget bill proposed by the Governor includes revenue of \$2.6 million for each year of the biennium from inmate telephone services. If the

proposed legislation were enacted, that revenue would no longer be available for the general fund.

Under the proposed legislation, there would be an increase in nongeneral fund revenue. Based on commission payments projected for FY 2016, the total net revenue for the vendor would be approximately \$7.4 million. Under the provisions of the proposed legislation, the Commonwealth could receive a commission of up to 10 percent of that amount. The funds received would be deposited into a special fund and required to be spent on independent reentry programs or services.

**9. Specific Agency or Political Subdivisions Affected:**

All state agencies that depend on general fund appropriations.  
Department of Corrections  
Department of Criminal Justice Services

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** None.

**Date:** 1/8/2015

**Document:** G:\LEGIS\fis-15\hb1403.docx Dick Hall-Sizemore