

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB 91

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

2. Patron: Hope

3. Committee: Militia, Police and Public Safety

4. Title: Inmate telephone systems

5. Summary:

The Department of Corrections and local and regional jails have contracts with private vendors to provide telephone service for inmates. Inmates using the systems, or persons permitted to call the inmates, are charged fees by the vendors to use the systems. The proposed legislation would prohibit any state agency or political subdivision from receiving commissions from the private companies that provide the services.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: See Item 8 below.

8. Fiscal Implications:

The proposed legislation would not have a fiscal impact on the state, but would affect political subdivisions. Effective December 1, 2015, the Department of Corrections (DOC) entered into a contract with a private vendor for the provision of telephone services to inmates, with no commission on the revenue collected to be paid by the company to the department. An amendment in the proposed budget for FY 2016, the caboose bill, reflects this contractual change and removes all revenue previously anticipated from commissions. The Governor's introduced budget bill for the 2016-2018 biennium does not include any revenue projections from commissions collected on inmate telephone revenues.

The proposed legislation would also apply to telephone services provided for inmates housed in local and regional jails. According to the Compensation Board's most recent Jail Cost Report (November 2015), local and regional jails received \$14.1 million in revenue from inmate telephone commissions in FY 2014. The jails also incurred \$5.5 million in costs related to the telephone systems. It is assumed that the proposed legislation would not prevent jails from collecting fees from inmate telephone phone systems to cover the basic costs to operate the telephone systems in jails. Therefore, the net fiscal impact of the proposed legislation on local and regional jails would be a loss of approximately \$8.6 million annually.

9. Specific Agency or Political Subdivisions Affected:

Each county and city either operates its own jail or is a member of an authority that operates a regional jail. Therefore, to the extent that revenues from the inmate phone systems have exceeded costs related to those systems incurred by the jails, all may be affected directly or indirectly by the proposed legislation.

10. Technical Amendment Necessary:

Consideration should be given to an amendment to specifically state or clarify that commission payments that exceed actual costs are not permitted.

11. Other Comments: None.

Date: 1/13/2016

Document: G:\LEGIS\fis-16\hb91.docx Dick Hall-Sizemore