

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number** HB 1632

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Morgan

3. **Committee** Commerce and Labor

4. **Title** Inmate telephone system

5. **Summary/Purpose:**

The proposed legislation would require that any telephone system provided by the Department of Corrections for inmates to use for making debit or prepaid calls shall be provided at the lowest rates applicable for such service in accordance with schedules filed with the State Corporation Commission. Furthermore, the bill would limit the commission paid under any contract entered into, or renewed after, July 1, 2007, for providing telephone service for inmates in state, local, or regional correctional facilities to ten percent. Any amount of commission, lease payments, or fees collected above the ten percent limitation would be required to be deposited into a Prisoner Telephone Rate Fund. Any moneys in the fund would be used to reduce the surcharges or rates for telephone calls made by inmates.

6. **Fiscal Impact Estimates are:** Preliminary.

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2007-08	(\$1,952,571)	General
2008-09	(\$3,905,143)	General
2009-10	(\$3,905,143)	General
2010-11	(\$3,905,143)	General
2011-12	(\$3,905,143)	General

7. **Budget amendment necessary:** Yes. Revenue page.

8. **Fiscal implications:**

The Department of Corrections (DOC) and Department of Juvenile Justice (DJJ) currently have a contract with a private vendor to provide debit or prepaid telephone service for inmates or juveniles. Under the terms of the contract, the vendor pays the Commonwealth a commission on the amount collected for each phone call. The revenue collected by DOC and DJJ is deposited into the general fund. For FY 2008, it is projected that \$5.5 million will be collected by the agencies from commissions and deposited into the general fund. The current contract expires December 31, 2007.

Under the proposed legislation, the agencies would be prohibited from collecting more than ten percent commission under any new contract or renewal of the current contract. Assuming that the revenue collected by any vendor under future contracts would be at least as much as projected in FY 2008, the maximum commission collected would be \$1.6 million, a loss of approximately \$3.9 million annually in general fund revenue. The loss in FY 2008 would be less because the current contract would be in effect for half the year. The limit of ten percent on any commission would be applicable to any contract effective on January 1, 2008.

The legislation would also affect contracts entered into by local and regional jails for inmate telephone service. There is not sufficient information available to project the impact on any commissions that would be collected by those entities.

9. Specific agency or political subdivisions affected:

Department of Corrections
Department of Juvenile Justice
Local and regional jails

10. Technical amendment necessary: None.

11. Other comments: None.

Date: 01/30/2007 / rwh

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