

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3917-01
Bill No.: HB 1443
Subject: Crimes and Punishment: Disabilities; Elderly; Securities
Type: Original
Date: February 13, 2006

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| General Revenue | (Unknown - Less than \$100,000) | (Unknown - Less than \$100,000) | (Unknown - Less than \$100,000) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Unknown - Less than \$100,000) | (Unknown - Less than \$100,000) | (Unknown - Less than \$100,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|---|---|---|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| Local Government | Unknown - Could Exceed \$100,000 | Unknown - Could Exceed \$100,000 | Unknown - Could Exceed \$100,000 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** assume there will be no fiscal impact on the Courts.

Officials from the **Office of Prosecution Services** state this proposal will not have a significant fiscal impact on county prosecutors, although it may lead to an increase in prosecutions/caseloads.

Officials from the **Office of the Secretary of State (SOS) - Division of Administrative Rules** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Office of Secretary of State - Division of Securities** state there would be no

ASSUMPTION (continued)

fiscal impact to their division.

According to officials from the **Department of Corrections (DOC)**, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender).

In summary, supervision by the DOC through probation or incarceration would result in additional unknown costs to the department. Eight (8) persons would have to be incarcerated per fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 per year for the DOC.

Officials from the Office of Attorney General and Office of State Public Defender did not respond to a request for fiscal note.

Oversight assumes that the distribution of fines to school districts could have an impact on the funding formula if fine income exceeds that of previous years; however, that impact, if any, cannot be determined.

This proposal would increase total State Revenue.

FISCAL IMPACT - State Government

FY 2007
 (10 Mo.)

FY 2008

FY 2009

GENERAL REVENUE

Income - Office of Secretary of State
 Collection of fines due to securities fraud
 convictions

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could Exceed
 \$100,000

Unknown -
 Could Exceed
 \$100,000

Transfer Out - Office of Secretary of State
 to County Treasurers

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

Cost - Department of Corrections -
 Incarceration expenses

(Unknown -
 Less than
\$100,000)

(Unknown -
 Less than
\$100,000)

(Unknown -
 Less than
\$100,000)

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

(Unknown -
Less than
\$100,000)

(Unknown -
Less than
\$100,000)

(Unknown -
Less than
\$100,000)

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

COUNTY TREASURERS

Income - Fine income (Section 409.5-508
(b)

Unknown -
Could exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Cost - Distribution to School Districts

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

**ESTIMATED NET EFFECT ON
COUNTY TREASURERS**

\$0

\$0

\$0

SCHOOL DISTRICTS

Income - Fines distributed by County
Treasurer

Unknown -
Could exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

**ESTIMATED NET EFFECT ON
SCHOOL DISTRICTS**

Unknown -
Could exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposed legislation changes the laws regarding criminal securities fraud as it relates to the elderly and disabled. The proposal:

- (1) Adds the minimum penalties of a fine of not less than \$50,000 and imprisonment for not less than five years for persons convicted of criminal securities fraud against a person 60 years

DESCRIPTION (continued)

of age or older or a disabled person; and

(2) Allows the Commissioner of Securities to impose additional civil penalties and order restitution.

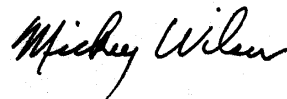
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Corrections
Office of Prosecution Services
Department of Health and Senior Services
Office of Secretary of State
 Division of Administrative Rules
 Division of Securities
Office of State Treasurer
Department of Insurance

NOT RESPONDING

Office of State Public Defender
Office of Attorney General



Mickey Wilson, CPA
Director
February 13, 2006