

February 3, 2025

The Honorable Kellie Warren, Chairperson
Senate Committee on Judiciary
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Senator Warren:

SUBJECT: Fiscal Note for SB 84 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning SB 84 is respectfully submitted to your committee.

SB 84 would expand the definition of criminal use of a financial card to include certain fraudulent activities involving gift cards. Under the provisions of the bill, it would be unlawful to use a gift card without the owner's consent, possess or retain a gift card without authorization, or alter or tamper with a gift card.

The bill would establish penalties based on the total value of fraudulent transactions within a seven-day period. If the value of money, goods, property, or services obtained is \$25,000 or more, the offense would be classified as a severity level 7, nonperson felony. If the value falls between \$1,000 and \$24,999, the offense would be considered a severity level 9, nonperson felony. Transactions totaling less than \$1,000 would constitute a class A nonperson misdemeanor.

The bill would also provide definitions for key terms related to gift cards, including gift card issuer, gift card seller, and gift card redemption information. The bill would distinguish between closed-loop gift cards, which are redeemable at a single merchant or affiliated merchants, and open-loop gift cards, which can be used at multiple unaffiliated merchants within a payment network. Additionally, the bill would clarify that financial cards are considered revoked or canceled once written notice has been received by the cardholder. The bill would take effect on July 1, 2025.

The Board of Indigents Defense Services indicates that enactment of SB 84 would increase agency expenditures on legal counsel and support staff by unknown amounts. The Board estimates that on average, a severity level 7, nonperson felony case requires 57 hours of direct work by an attorney to provide constitutionally adequate representation, while the average severity level 9, nonperson felony case requires 35 attorney work hours. Based on the rates of \$83.36 per hour for

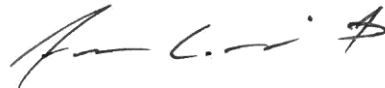
public defenders and \$125 per hour for assigned counsel, each new severity level 7, nonperson felony case brought to the agency would result in State General Fund expenditures of \$4,752 to \$7,125. Each new severity level 9, nonperson felony case brought to the agency would result in State General Fund expenditures of \$2,918 to \$4,375.

The Kansas Sentencing Commission estimates that enactment of the bill would result in an increase of one adult prison bed needed by the end of FY 2026. By the end of FY 2034, one additional bed would be needed. The current estimated available bed capacity is 9,738 for males and 932 for females. Based upon the Commission's most recent ten-year projection contained in its *FY 2025 Adult Inmate Prison Population Projections* report, it is estimated that the year-end population will total 8,954 male and 921 female inmates in FY 2025 and 9,220 male and 961 female inmates in FY 2026. The Department of Corrections indicates that the bill would increase State General Fund expenditures by \$4,245 in FY 2026 and \$4,330 in FY 2027 to accommodate one additional resident.

The Judiciary indicates that the bill has the potential to increase the number of cases filed in district courts. This may increase agency operating expenditures due to the additional time spent by district court judicial and nonjudicial personnel in supervising offenders and processing, researching, and hearing cases. However, the Judiciary is unable to calculate a precise estimate of this effect. The bill has the potential to increase the collection of docket fees, fines, and supervision fees, which are deposited in the State General Fund; however, the amount of additional collections is unknown. Any fiscal effect associated with SB 84 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill has the potential to increase county government expenditures on legal proceedings by unknown amounts. The League of Kansas Municipalities indicates that the bill would have a negligible fiscal effect on city governments.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Trisha Morrow, Judiciary
Jennifer King, Department of Corrections
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
Heather Cessna, Board of Indigents Defense Services
Scott Schultz, Kansas Sentencing Commission