

January 30, 2013

The Honorable John Rubin, Chairperson
House Committee on Corrections and Juvenile Justice
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Rubin:

SUBJECT: Fiscal Note for HB 2065 by House Committee on Corrections and Juvenile Justice

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2065 is respectfully submitted to your committee.

HB 2065 would create the new crime of home improvement fraud. Home improvement fraud would include receiving money for the purpose of obtaining or paying for services, labor, materials, or equipment and failing to apply such money for such purpose as evidenced by failing to substantially complete the home improvement for which such funds were provided.

It would also be unlawful to cause an owner to enter into a home improvement contract by knowingly using or employing deception, false pretense, or false promise; knowingly creating or reinforcing a false impression regarding the condition of the owner's dwelling or property; knowingly making a false statement of material fact relating to a contract; or damaging property of the owner with the intent to induce the owner to enter into or extend a contract.

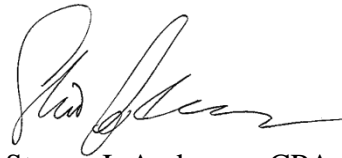
The penalties for home improvement fraud would be the following:

1. A severity level 5, nonperson felony if the total of any money paid by the owner and any damages caused by the contractor is \$100,000 or more;
2. A severity level 7, nonperson felony if the total of any money paid by the owner and any damages caused by the contractor is at least \$25,000, but less than \$100,000;
3. A severity level 9, nonperson felony if the total of any money paid by the owner and any damages caused by the contractor is at least \$1,000, but less than \$25,000; and
4. A class A nonperson misdemeanor if the total of any money paid by the owner and any damages caused by the contractor is less than \$1,000.

The Kansas Sentencing Commission expects that the bill would have an effect on prison admissions and bed needs. However, the specific effect cannot be determined because not enough data exist for similar crimes from which an estimate can be calculated.

The Office of Judicial Administration indicates that the bill has the potential for increasing the number of cases filed in district and appellate courts relating to home improvement fraud. This would increase the time spent by district court and appellate court judicial and non-judicial personnel in processing, researching, and hearing cases. Likewise, the additional cases could also result in the collection of added revenue from docket fees and penalties. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources. Any fiscal effect associated with HB 2065 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Scott Schultz, Sentencing Commission
Mary Rinehart, Judiciary
Jeremy Barclay, Corrections
Willie Prescott, Attorney General's Office