

February 9, 2015

The Honorable John Barker, Chairperson
House Committee on Judiciary
Statehouse, Room 149-S
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2105 by House Committee on Corrections and Juvenile Justice

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2105 is respectfully submitted to your committee.

HB 2105 would create the Kansas Comprehensive Money Laundering Act. It would be unlawful for any person to knowingly conduct a financial transaction where the person knows the property involved in the transaction represents the proceeds of an activity which is punishable as a felony under the laws of the State of Kansas, another state or territory of the United States, the District of Columbia or the United States. A violation of this provision would be a severity level five, person felony.

A person who, for compensation, converts cash into negotiable instruments or electronic funds for another, knowing the cash is proceeds of some form of activity that is a felony under the laws of the State of Kansas, another state or territory of the United States, the District of Columbia or the United States would be guilty of a class A nonperson misdemeanor for a first offense and a severity level 6, nonperson felony upon a second or subsequent conviction.

Any business operator who is convicted under the act must forfeit his or her business license or registration.

The Kansas Sentencing Commission indicates that HB 2105 would have an effect on prison admissions and prison beds but the precise effect cannot be determined. No information relating to the crimes in the bill exists in the agency's databases from which an estimate can be made. If the passage of HB 2105 results in increasing the number of adult prison beds needed, there would be a fiscal effect for the Department of Corrections. As of January 12, 2015, the available bed capacity is 9,636. Based upon the Commission's most recent ten-year projection contained in its *FY 2015 Adult Inmate Prison Population Projections* report, it is estimated that the year-end population will exceed available male capacity by 85 inmates in FY 2015, 109

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inmates in FY 2016, and 162 inmates in FY 2017. At this time, the Department is planning to manage the prison bed shortfall by housing the inmates in contract beds until additional capacity can be constructed. If the bill adds to the state's prison bed needs, the Department of Corrections would incur additional contract bed costs.

The Office of Judicial Administration indicates that HB 2105 could result in the prosecution of additional cases, causing district and appellate court staff to spend additional time processing, researching, and hearing those cases. The additional cases could also increase in added docket fee revenue. 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.

The Department of Revenue, the Office of the State Bank Commissioner, and the Office of the Securities Commissioner all report that the bill would have no fiscal effect on their respective agencies.

The Kansas Sentencing Commission notes that there could be an increase to the journal entry workload of the agency but the effect cannot be determined. Any fiscal effect associated with HB 2105 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Mary Rinehart, Judiciary
Scott Schultz, Sentencing Commission
Steve Wassom, Securities Commission
Judi Stork, Banking Commission
Jack Smith, KDOR