



**STATE
REVISED FISCAL IMPACT**

(replaces fiscal impact dated March 31, 2006)

Drafting Number: LLS 06-0941

Date: April 26, 2006

Prime Sponsor(s): Sen. Groff
Rep. Borodkin

Bill Status: House Appropriations

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TITLE: CONCERNING A PROHIBITION AGAINST TRAFFICKING IN HUMANS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

| Fiscal Impact Summary | FY 2006/07 | FY 2007/08 |
|--|--|------------|
| State Revenues Cash Funds - Fines Collection Cash Fund | Potential Increase of up to \$750,000 per offense. | |
| State Expenditures General Fund* | \$174,388 | \$262,892 |
| FTE Position Change | 0.0 FTE | 0.0 FTE |
| Effective Date: Upon signature of the Governor. | | |
| Appropriation Summary for FY 2006/07: | | |
| Department of Corrections: | \$174,388 GF | |

* In FY 2006-07, \$174,388 is transferred from the General Fund to the Capital Construction Fund for prison bed construction costs. In FY 2007-08, the amount transferred equals \$209,266. As such, these amounts do not count against the 6 percent General Fund appropriations limit and will reduce General Fund diversions to the Highway Users Tax Fund (HUTF).

Summary of Legislation

The reengrossed bill creates the crime of trafficking in humans. A person commits trafficking in humans if he or she sells, exchanges, barter, or leases a person sixteen years of age or older for compensation. Trafficking in humans is a Class 3 felony unless the person is an illegal alien, in which case it is a Class 2 Felony.

State Revenues

Per Section 18-1.3-401 (III) (A), C.R.S., the fine penalty for a Class 3 felony is \$3,000 to \$750,000. Unless otherwise provided by law, the fines are to be deposited in the state Fines Collection Cash Fund for annual appropriations by the General Assembly to cover associated administrative and personnel costs in the Judicial Branch related to the fines. All unexpended balances of the cash fund revert to the state General Fund at the end of each fiscal year. Because the courts have the discretion of incarceration or imposing a fine, the impact to the cash fund and the General Fund cannot be determined.

State Expenditures

The Department of Corrections will require \$174,388 GF in FY 2006-07 and \$262,892 GF in FY 2007-08.

The creation of a new statutory criminal offense will result in more arrests and cases being filed in state courts. While the number cannot be quantified, it is estimated that two new cases of human trafficking will be filed annually. Some current cases may also include the additional charge of human trafficking. It is estimated that four cases charged for crimes under current law will also include a charge of human trafficking. It is likely that the first charge will be for an offense that results in a Class 4 or Class 5 felony charge. The new charge of human trafficking will be a Class 3 felony.

The fiscal note assumes that each charge of human trafficking will result in a conviction. As such the Department of Corrections will require additional space to house inmates. It is estimated that two new admissions will result in prison sentences of 61 months for each admission. Additionally, incarceration terms for persons currently being convicted under Class 4 or Class 5 felonies will increase under the additional conviction of either a Class 2 or Class 3 felony. Assuming two persons currently convicted of a Class 4 felony and two persons currently convicted of a Class 5 felony will also be convicted for human trafficking, the additional prison term for each conviction will be 27.64 months and 39.62 months, respectively. The costs associated with housing inmates convicted of human trafficking is detailed in Table 1.

Five-Year Fiscal Impact on Correctional Facilities

The adoption of this bill will result in a net increase in periods of imprisonment in a state correctional facility. Section 2-2-703, C.R.S., requires that such bills cannot be passed without five years of appropriations for prison bed construction and operating costs. Construction costs are estimated to be \$87,194 per inmate bed. Operating costs are \$73.46 per bed per day or \$26,813 per bed per year. It should be noted that the construction costs reflect the funding needed to construct inmate beds in the fiscal year prior to when additional offenders are expected to enter the system. This lag accounts for the estimated time for criminal filing, trial, disposition, and sentencing.

Prison bed construction is funded through a General Fund transfer to the Capital Construction Fund, which is then transferred to the Corrections Expansion Reserve Fund. These appropriations are not subject to the 6 percent statutory General Fund appropriations limit. General Fund appropriations for operating costs are subject to the 6 percent limit.

However, in the event state correctional facilities are at capacity, Sections 17-1-102, 104.9, and 105.5, C.R.S., authorize the Department of Corrections to permanently place state inmates classified as medium custody and below in private contract prisons. The state pays private prisons at a rate of \$50.28 per bed per day or \$18,352 per bed per year.

| Table 1. Five-Year Fiscal Impact On Correctional Facilities | | | | |
|--|------------------------------|------------------------------|---------------------------|-------------------|
| Fiscal Year | Inmate Bed Impact | Construction Cost | Operating Cost | Total Cost |
| FY 2006/07 | 0.0 | \$174,388 | \$0 | \$174,388 |
| FY 2007/08 | 2.0 | \$209,266 | \$53,626 | \$262,892 |
| FY 2008/09 | 4.4 | \$392,373 | \$117,977 | \$510,350 |
| FY 2009/10 | 8.9 | \$523,164 | \$238,636 | \$761,800 |
| FY 2010/11 | 14.9 | \$523,164 | \$399,514 | \$922,678 |
| Total | | \$1,822,355 | \$809,753 | \$2,632,107 |

State Appropriations

For FY 2006-07, the Department of Corrections will require a General Fund appropriation of \$174,388, plus the other five-year costs identified in Table 1.

Departments Contacted

Corrections
Public Defender
District Attorneys
Law

Judiciary
Alternate Defense Counsel
Public Safety
Office of Child's Representative