HB10-1081

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 10-0516	**Date:**	February 1, 2010
Prime Sponsor(s):	Rep. Priola Sen. Steadman	**Bill Status:**	House Judiciary
		Fiscal Analyst:	Sara McPhee (303-866-4782)

TITLE: CONCERNING MONEY LAUNDERING.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue Cash Funds Fines Collection Cash Fund	< $5,000	< $5,000
State Transfers or Diversions Transfer from the General Fund to the Capital Construction Cash Fund	($91,370)	
State Expenditures General Fund		$29,638
Cash Funds- Capital Construction Fund Appropriation to the Corrections Expansion Reserve Fund	$91,370	
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill relocates the money laundering laws in statute. Currently, money laundering is a part of the Uniform Controlled Substances Act of 1992. The bill places money laundering under the offenses involving fraud and adds money laundering to the offenses for a racketeering activity as a part of the Colorado Organized Crime Control Act (COCCA).

Background. Money laundering is defined as receiving, giving, or directing money that has been used in a criminal offense. Money laundering is a class 3 felony. The current placement of money laundering in the statutes limits its use to those crimes pertaining to drugs. Moving money laundering to the offenses involving fraud allows defendants to be charged with money laundering in a much larger scope of activities, including cases involving organized crime. However, the federal money laundering offense could already be used to establish a violation of COCCA.

State Revenue

Under current law individuals convicted of a class 3 felony may be required to pay a fine ranging from $3,000 to $750,000. This bill broadens the offense of money laundering from drug-related offenses to include fraud-related offenses. To the degree that the court imposes a fine under this bill, it will generate additional state revenue. Any new fine revenue received is deposited into the Fines Collection Cash Fund.

State Transfers or Diversions

Pursuant to the requirements of Section 2-2-703, C.R.S., and Section 17-1-116, C.R.S., this bill transfers $91,370 from the General Fund to the Capital Construction Fund in FY 2010-11, then appropriates the money to the Corrections Expansion Reserve Fund. Thus, this amount will not be available for General Fund appropriations. For a further explanation of this transfer and appropriation, see the section related to the five-year impact on correctional facilities.

State Expenditures

Department of Corrections (DOC). This bill will create additional expenditures for the department of $91,370 in FY 2010-11 and $29,638 in FY 2011-12. The five year expenditure impact is estimated at $209,922. These costs are based on the estimate that the DOC will see one new offender every five years. The bill relocates the money laundering statute from the drug laws to the fraud laws. This enables prosecutors to charge individuals with money laundering for an increased number of crimes where previously a money laundering charge had to be related to drug activity.

Five-Year Fiscal Impact on Correctional Facilities

Section 2-2-703, C.R.S., specifies that no bill can be passed by the General Assembly which results in a net increase in periods of imprisonment in ***state correctional*** facilities unless it contains an appropriation of money sufficient to cover the increased capital construction costs and operating costs in each of the first five fiscal years of the bill. Sections 17-1-102, 104.9. and 105.5, C.R.S., authorize the department to permanently place inmates classified as medium custody and below in private contract prisons. Inmates classified higher than medium custody cannot be placed in private contract prisons, except under "correctional emergency" conditions. ***The fiscal note assumes that the new inmates identified in this bill will be allocated between state correctional facilities and private contract prisons according to historical patterns.***

If an inmate is placed in a state correctional facility, the additional construction costs are estimated to be $125,165 per inmate bed. Operating costs are $88.60 per bed per day or $32,339 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. If an inmate is placed in a private contract prison, the state incurs no additional capital construction costs; however, the state pays a rate of $61.19 per bed per day for inmates placed in private prisons. The total cost to the department is therefore $22,334 per private prison bed per year. Departmental data indicates that 27 percent of class 3 felonies are housed in private prisons, and both the construction and operating costs presented in Table 1 have been prorated accordingly.

Table 1 Five-Year Fiscal Impact On Correctional Facilities

Fiscal Year	Inmate Bed Impact	Construction Cost	Operating Cost	Total Cost
FY 2010-11	1.0	$91,370	$0	$91,370
FY 2011-12	0.0	$0	$29,638	$29,638
FY 2012-13	0.0	$0	$29,638	$29,638
FY 2013-14	0.0	$0	$29,638	$29,638
FY 2014-15	0.0	$0	$29,638	$29,638
Total				$209,922

State Appropriations

For FY 2010-11, the Department of Corrections will require an appropriation of $91,370 from the Corrections Expansion Reserve Fund, plus the other five-year costs detailed in Table 1.

Departments Contacted

Corrections Judicial Law Public Safety