

Updated to reflect amendments adopted through March 15, 2010.

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	166,830	166,830	172,000	172,000
FEDERAL FUNDS	64,949	64,949	77,400	77,400
OTHER FUNDS				
TOTAL FUNDS	231,779	231,779	249,400	249,400

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill, as amended, would impose a \$1 court assessment for each conviction of any misdemeanor or felony. The amended bill states that the Department of Correctional Services (DCS) shall withhold up to 5% of a work release inmate's net wages (work release wages). It creates the Reentry Cash Fund, and this fund shall be used by DCS for tuition, fees, and other costs associated with programs offered to offenders in the incarceration work camp.

The amended bill states that any implementation costs of the Supreme Court and DCS shall be paid before any funds are distributed to the Victim's Compensation Fund or the Reentry Cash Fund.

The amended bill splits the amounts from the court assessment and from the work release wages as follows:

75% of such amounts shall be remitted to the Victim's Compensation Fund, and  
 25% of such amounts shall be remitted to the Reentry Cash Fund.

The following table summarizes the revenue and expenditure impact of this bill:

Items (see the notes following the table for an explanation of these items):	FY 2010-11	FY 2011-12
One-time programming cost for JUSTICE - Supreme Court	7,500	0
One-time computer programming for inmate wages - DCS	15,000	0
Estimated revenue from the \$1 court assessment	48,000	48,000
Estimated revenue from 5% of work release wages	118,830	124,000
Total revenue from the court assessment and work release wages	166,830	172,000
Implementation costs (Supreme Court and DCS)	22,500	0
Total funds to be distributed after deducting the one-time implementation costs	144,330	172,000
75% remitted to the Victim's Compensation Fund	108,248	129,000
25% remitted to the Reentry Cash Fund	36,083	43,000
Federal government matches any state-generated funds to the Victim's Compensation Fund at a 60% rate	64,949	77,400

Table Notes:

The Supreme Court estimates a one-time programming cost necessary to implement the assessment at \$5,000 to \$10,000. The above table used the average of this range, \$7,500.

A one-time cost of \$15,000 is estimated by DCS to create and change programming to set up the deduction as pay is posted out of the Inmate Trust Fund.

The Supreme Court estimates the revenue from the \$1 court assessment as follows:

Section 1 imposes an assessment of \$1 on each misdemeanor and felony conviction and affirmation on appeal. Based on court records, approximately 128,000 cases could be subject to this section. An estimated conviction rate of 75% would result in 96,000 cases that could be assessed. If it is assumed that 50% of the convictions involved persons deemed indigent by the courts and therefore could not be assessed, increased revenue would be approximately 48,000 per year.

The Department of Correctional Services (DCS) estimates the revenue from work release wages as follows:

Work release inmates' net wages were approximately \$2.46 million in FY09. Since these wages are paid by private employers, and not the state, only the net amount of wages comes into the fund. DCS estimates the average wage for a work release inmate is \$7.00 to \$9.00 per hour. 5% of this amount would be approximately \$124,000 coming from the work release inmate's wages. DCS assumes the full 5% would be authorized by the Director of Correctional Services. DCS assumes that the bill would take effect mid-July 2010. Therefore, inmate wages in FY2010-11 are estimated at \$118,830 instead of the full-year estimate of \$124,000.

The implementation costs of the Supreme Court and DCS shall be paid before any funds are distributed to the Victim's Compensation Fund or the Reentry Cash Fund. Therefore, FY2010-11 revenue is reduced by the estimated implementation costs of the Supreme Court and DCS.

The Crime Commission previously noted that the federal government matches any state-generated funds expended in the Victim's Reparations program at a 60% rate.

The Legislative Fiscal Office analyst (LFO) assumes that the additional cash fund revenue generated by the court assessment and the work release wages, and the additional federal fund match, would result in additional expenditures by the amount of the revenue.

The response of the Supreme Court follows:

LB 510, as amended by AM2095, increases Supreme Court Automation Cash fund revenue and expenditures.

Revenue: Section 1 imposes an assessment of \$1.00 on each misdemeanor and felony conviction and affirmation on appeal. Based on court records, approximately 128,000 cases could be subject to this section. An estimated conviction rate of 75% would result in 96,000 cases that could be assessed. If it is assumed that 50% of the convictions involved persons deemed indigent by the courts and therefore could not be assessed, increased revenue would be approximately 48,000 per year.

Expenditures: It is estimated that one-time programming changes necessary to implement the assessment would be 5,000-10,000.

The response of DCS follows:

LB510 includes provisions relating to the Department of Correctional Services and the Victim's Compensation Fund. . The bill adds language to section 83-184 providing that the Department of Correctional Services Director may authorize the chief executive officer of each facility to withhold up to 5% of a work release inmate's wages and deposit them with the State Treasurer for credit to the Victim's Compensation Fund (75%) and the Department of Correctional Services Re-entry Cash Fund (25%).

The bill also provides that an assessment of one dollar (\$1) shall be assessed for each conviction of a person for any misdemeanor or felony in county and district court, including affirmations and appeals, except for juvenile court. The assessments shall be remitted to the Treasurer within 10 days of the end of each month, for credit to the Victim's Compensation Fund (75%) and the Department of Correctional Services Re-entry Cash Fund (25%).

Funds collected shall be used 1st to pay the initial costs of implementing this bill.

Work release inmates' net wages were approximately \$2.46 million in FY09. Since these wages are paid by private employers, and not the state, only the net amount of wages comes into the fund. DCS estimates the average wage for a work release inmate is \$7.00 to \$9.00 per hour. 5% of this amount would be approximately \$124,000 coming from the work release inmate's wages. The fiscal note assumes the full 5% would be authorized by the Director of Correctional Services.

Initial estimates of the assessment potentially collected by the Courts is \$96,000 per year. However, the Courts advises that they estimate approximately 50% of the convicted individuals would be indigent, and the assessment would not be able to be collected, leaving \$48,000/yr.

The Department of Correctional Services would need approximately \$15,000 one time Cash Funds to create and change programming to set up this deduction as pay is posted out of the trust fund.

The Courts advised on an earlier fiscal note that their initial set up costs would be approximately \$8,750. The fiscal note assumes that the bill would take effect mid July 2010. Total funds collected during the 1st year are estimated at \$164,830, of which \$118,830 would be from the inmate wages and \$46,000 from the \$1 court assessment fee. Out of this amount, DCS set up costs would be \$15,000 of the total set up costs of \$23,750 total, leaving \$141,080; of which 25%, or \$35,270 would be distributed to the DCS Re-entry Cash Fund in FY11. In FY12 and subsequent years, the amount collected from inmate wages is estimated at \$124,000 per year, and the amount collected from the assessment fee is estimated at \$48,000 per year. The amount distributed to the DCS Re-entry Cash fund (25% of both the 5% of inmate wages and the court \$1 assessment) is estimated at \$43,000/yr.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	3/15/10	PHONE	471-2526
COMMENTS					
DEPARTMENT OF CORRECTIONAL SERVICES: No disagreement with revised DCS agency fiscal note for LB 510.					
CRIME COMMISSION: No estimates provided by Crime Commission. No basis to concur or dispute. Department of Correctional Services does provide estimates for their portion of the revenue.					
SUPREME COURT: No basis to dispute Supreme Court agency analysis.					