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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/07  
LAST UPDATED 3/09/07

SPONSOR Campos HB \_\_\_\_\_

SHORT TITLE Jail Operation Contract Duration SB 823/aSJC/aHHGAC

ANALYST Peery-Galon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Corrections Department (NMCD)  
Department of Finance Administration (DFA)  
New Mexico Sentencing Commission (NMSC)

### SUMMARY

#### Synopsis HHGAC Amendment

The House Health and Government Affairs Committee amendment to Senate Bill 823 allows for additional one-year or two-year extensions not to exceed a total of five extensions regarding the contracting for the operation or management of jails.

#### Synopsis SJC Amendment

The Senate Judicial Committee amendment to Senate Bill 823 calls for the removal of brackets and lining through the wording “up to” on page 1, line 21. It appears that there is a technical error, in that the line number is 22. The amendment allows contract agreements between county or municipal jails and private contractors for the operation or management of jails to be up to five years.

#### Synopsis of Original Bill

Senate Bill 823 amends Section 33-3-27 NMSA 1978 to allow contract agreements between county or municipal jails and private contractors for the operation or management of jails to be

for 5 years and allow for additional consecutive two-year extensions not to exceed a total of five extensions.

### **SIGNIFICANT ISSUES**

NMCD notes under current law the duration of a jail contract to privatize operation and management is for five years and allows for one-year extensions not to exceed a total of five extensions.

NMCD states the proposed legislation indirectly affects the department. NMCD reports the department has contracts with several county and municipal jails to house state inmates, and some of the jails enter into separate contracts with private vendors to operate their jails. NMCD notes that the county or municipal jail's private operator will handle and oversee inmates for up to 15 years total instead of up to 10 years total under current law. NMCD reports the contracts between jails and private contractors typically contain provisions that allow the parties to not review the contract or not enter into any extension for both "no cause" and "for cause." Therefore, if the county or municipal jail is not satisfied with the private contractor's services, including how it oversees and handles NMCD inmates, it can essentially terminate the contract by not entering into any extension.

### **OTHER SUBSTANTIVE ISSUES**

DFA notes that New Mexico leads the nation in using private prison to house inmates according to the U.S. Justice Department statistics on prisons in 2005. DFA reports the New Mexico Corrections Department plans to add 240 more beds at the Guadalupe County Correctional Facility in Santa Rosa and 600 beds at a private prison in Clayton scheduled to open in June 2008.

The New Mexico Corrections Department's budget request for fiscal year 2008 asked for a \$37.2 million increase over the department's fiscal year 2007 operating budget. For fiscal year 2008, the department requested an increase of \$16.3 million to fund inmate beds in private prisons. The NMCD budget for private prison beds has grown by 57.4 percent from fiscal year 2003 actual numbers to the department's fiscal year 2008 budget request.

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