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FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/14

SPONSOR O'Neill LAST UPDATED _____ HB _____

SHORT TITLE Corrections Industries Div. Product Sales SB 182

ANALYST Chenier

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-------------------|-------------------|---------------------------------|---------------------------------------|
| FY14 | FY15 | FY16 | | |
| | See Fiscal Impact | See Fiscal Impact | See Fiscal Impact | Corrections Industries Revolving Fund |
| | Unknown | Unknown | Unknown | Crime Victims Reparations Fund |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Corrections Department (NMCD)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 182 authorizes the Corrections Industries Division (CID) of the New Mexico Corrections Department (NMCD) to sell manufactured products pursuant to the Corrections Industries Act, such as desks and other furniture to the general public twice a year as long as the products sold have a prevailing market value of \$300 or less. Proceeds from the sales must be placed into the corrections industries revolving fund and crime victims reparation fund.

FISCAL IMPLICATIONS

CID estimates that the sale of these products to the public will generate minimal revenue, at least initially. This bill may enable CID to generate some additional income, which is consistent with its status as an enterprise fund entity. Unlike the other divisions within NMCD, CID is responsible for making a profit and funding itself.

SIGNIFICANT ISSUES

CID has a surplus of products originally sold to other state agencies and local public bodies which have been returned for various reasons. Under current law, CID cannot sell these or any products directly to the public, and in many cases the returned products are not suitable or desirable to other state agencies or public bodies. Allowing CID to sell these smaller-value products directly to the public will enable the division to reduce its large inventory. CID will avoid competing with local private vendors by limiting sales to only twice a year and limiting the value of the products sold to \$300 or less.

Additional revenue placed in the corrections industries revolving fund will allow the program to expand and improve inmate job and career-oriented programs and services for inmates. The bill will allow the program to further enhance the rehabilitation, education and vocational skills of inmates.

EDD stated that the public sector may be in competition with existing private sector companies involved in similar manufacturing.

TECHNICAL ISSUES

This bill specifies that a portion of the proceeds be placed into the crime victims reparation fund. Interpretation issues may arise since the bill does not specify how much will be placed into the fund.

EC/svb