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## FISCAL IMPACT REPORT

**SPONSOR** O'Neill **ORIGINAL DATE** 2/06/17  
**LAST UPDATED** 3/13/17 **HB** \_\_\_\_\_

**SHORT TITLE** Sale of Corrections Industries Products **SB** 298/aSJC/aSfI#1

**ANALYST** Rogers

### REVENUE (dollars in thousands)

| Estimated Revenue |                            |                            | Recurring<br>or<br>Nonrecurring | Fund<br>Affected                            |
|-------------------|----------------------------|----------------------------|---------------------------------|---|
| FY17              | FY18                       | FY19                       |                                 |   |
| \$0.0             | See Fiscal<br>Implications | See Fiscal<br>Implications | Recurring                       | Corrections<br>Industries<br>Revolving Fund |
| \$0.0             | See Fiscal<br>Implications | See Fiscal<br>Implications | Recurring                       | Crime Victims<br>Reparations<br>Fund        |

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Corrections Department (NMCD)

### SUMMARY

#### Synopsis of SFL#1 Amendment

Senate Floor amendment 1 strikes Senate Judiciary Committee amendments 1 and 2, limiting the value of items sold at a prevailing market price of \$300 or less.

#### Synopsis of SJC Amendment

The Senate Judiciary Committee (SJC) amendment to Senate Bill 298 retains language that was stricken in the original bill in Section 1, Subsection F limiting the value of items sold at a prevailing market price of \$300 or less. Also in subsection F, on line 23, the amendment adds the following language:

“provided that all inmate labor used in the production of any products offered to the general public is voluntary and not compelled. All sales to the general public shall take place on corrections industries division property. Sales to the general public shall not be conducted online or by mail order.”

Synopsis of Bill

Senate Bill 298 would remove the twice yearly sales limit and \$300 maximum amount of sale limitation, allowing the Corrections Industries Division (CID) to sell products it has manufactured pursuant to the Corrections Industries Act, such as desks and other furniture, to sell its products at any value year round.

**FISCAL IMPLICATIONS**

SB 298 would allow the department to sell goods year round; however, the Senate Floor amendment would retain limiting the value of goods . The SFJ amendment reinstates the price limitation. CID is an enterprise program and does not receive general funds. In FY16, CID generated \$8.3 million in sales. The department did not project the amount of additional revenue that could be generated. Current law requires that a portion of the proceeds from the sale of CID products go to the corrections industries revolving fund then be placed into the crime victims reparation fund.

The potential increase in revenue from the removal of limitations could allow the department to add or expand current programming, helping to lower recidivism rates.

**SIGNIFICANT ISSUES**

NMCD explains as the department’s “budget decreases due to current fiscal constraints, it is important that the CID cover more of its costs and generate its own revenue, all while utilizing the generated revenue to provide valuable training and job skills to inmates before they discharge or parole. Additionally, since the law requires that a portion of the proceeds from the sale of CID products placed into the corrections industries revolving fund then be placed into the crime victims reparation fund, more sales by the CID will increase the amount of monies placed into the crime victims reparation fund. This would benefit crimes victims and the public.”

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