

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION**

MEASURE

2019 BR NUMBER 0850

SENATE BILL NUMBER 153/GA

TITLE AN ACT relating to grain.

SPONSOR Senator Paul Hornback

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Agriculture

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Division of Regulation and Inspection restricted fund

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			Indeterminable
EXPENDITURES			
NET EFFECT			Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: SB 153/GA would restructure and increase the number of members of the State Board of Agriculture. The bill would also change provisions related to the grain insurance fund and reorganize and modernize KRS Chapter 251 pertaining to licensure of grain dealers and grain warehouse operators.

FISCAL EXPLANATION:

Department of Agriculture

Section 1 would increase the size of the State Board of Agriculture from 14 members to 18 members, but would not have a fiscal impact. The Department of Agriculture would absorb the minimal per diem and travel costs associated with those four additional board members with existing resources.

Section 7 would create a minimal indeterminable impact on the Department of Agriculture restricted fund revenues beginning in the Fiscal Year 2020-2022 biennial budget. Currently, the license fee schedules for grain dealers and grain warehouse operators are listed in statute and range from \$75 to \$750. Under the bill, the license fee schedules would be promulgated by administrative regulations, but those regulations would not be promulgated until the Fiscal Year 2020-2022 biennium. SB 153/GA would also specify the restricted use of license fee revenues under Section 8, however these changes would not impact the Department of Agriculture as the specified restrictions under the bill reflect the current use of those restricted fund license fee revenues.

SB153/GA, particularly Section 12, would change requirements and responsibilities of the Department of Agriculture regarding grain regulation and inspection. The Department of Agriculture has personnel dedicated to implementing KRS Chapter 251, and the Department has stated that it would use existing resources to fulfill the additional requirements and responsibilities of SB 153/GA.

Section 23 clarifies that in the event the grain insurance fund receives claims that exceed the resources in the grain insurance fund, the unpaid claims would create a Necessary Government Expense (NGE). The language in Section 23 also ensures that assessments under Section 21 of the bill that would be placed on grain farmers would first be used to reimburse the General Fund before the assessments would be deposited in the grain insurance fund. Note that no claims have been paid out of the grain insurance fund since 1995 and claims have not exceeded the balance of the grain insurance fund since its inception.

Department of Corrections

Overall, SB 153/GA is not anticipated to have any material impact on the Department of Corrections (DOC) primarily because conviction and incarceration data indicate the rate at which violations of these laws occurs is infrequent. That said, the language does expand penalties that, if criminogenic trends were to change, could result in an increase in expenditures. Below is a summary of provisions that may have an impact on the DOC.

Section 25 limits the sentence length subsequent offenders may be incarcerated in a county jail to six months, as opposed to the current maximum of up to one year. A reduction in the number of days offenders serve in a county jail will reduce county jail expenditures; however, KRS 441.560 stipulates that the DOC is fiscally responsible for the transportation, housing, and medical care costs associated with misdemeanants who possess a health condition that cannot be provided by a county jail. Therefore, any reduction in a misdemeanant’s sentence length will reduce the DOC’s exposure to increased future expenditures. For perspective, in Fiscal Year 2017-2018 the DOC expended over \$515,500 on housing these type of misdemeanants alone.

Section 25 also increases the penalty for willfully and knowingly resisting, preventing, impeding, or interfering with a representative of the board or the Department of Agriculture in the performance of the duties outlined in SB 153/GA from a Class D felony to a Class C felony. Depending on which facility an offender is housed, costs to the DOC will fluctuate. For example, eligible Class C and D felons are housed in a county jail at an average annual cost of nearly \$12,000 per offender. If ineligible, costs to house these offenders rise to an average annual prison housing cost of nearly \$26,000 per offender. Therefore, the cost of increasing a penalty from a Class D felony to a Class C felony presents a potential impact range. Below provides perspective on how costs fluctuate depending on the sentence length imposed and each offender’s custody level.

Number of Offenders	Penalty	Jail Housing Eligible (Y/N)?	Sentence Length (Years)			Estimated Cost to Incarcerate		
1	Class D Felony	Yes	1	to	5	\$11,965	to	\$59,824
1	Class C Felony	Yes	5	to	10	\$59,824	to	\$119,649
1	Class C Felony	No	5	to	10	\$129,753	to	\$259,506

Section 27 repeals KRS 359.990, which establishes penalties for violations of specific statutes under KRS Chapter 359. The removal of these penalties is not anticipated to have a material impact on state resources. Specifically, the Administrative Office of the Courts (AOC) indicated there have been no charges filed or disposed of for these offenses since Fiscal Year 2014-2015. Additionally, a comprehensive review of AOC court data dating back to January 1, 1996, indicates there are no

convictions for these offenses on record. Therefore, unless criminogenic trends drastically change, the removal of these penalties is not likely to produce any cost savings.

DATA SOURCE(S): LRC Staff, Department of Agriculture, Department of Corrections, Administrative Office of the Courts

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