

FISCAL NOTE

FEB 5 1993

Return in triplicate)

Bill/Resolution No.: SB 2486 Amendment to:

Requested by Legislative Council Date of Request: 1-26-93

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, and cities.

Narrative:

Please see attached narrative.

2. State fiscal effect in dollar amounts:

	1991-93 Biennium		1993-95 Biennium		1995-97 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N/A	N/A		(\$1,800,000)		(\$3,000,000)
Expenditures:	N/A	N/A	\$2,000,000+		\$3,000,000+	

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1991-93 biennium: N/A
- b. For the 1993-95 biennium: 50%-100% reduction of entire special fund appropriation
- c. For the 1995-97 biennium: could eliminate program

4. County and City fiscal effect in dollar amounts:

	1991-93 Biennium		1993-95 Biennium		1995-97 Biennium	
	Counties	Cities	Counties	Cities	Counties	Cities
	N/A	N/A	Unsure		Unsure	

If additional space is needed, attach a supplemental sheet.

Signed Dennis Fracassi

Typed Name Dennis Fracassi

Department Rough Rider Industries

Phone Number 221-6163

Date Prepared: 2/3/93

Narrative: Fiscal Note / SB 2486

Although it is difficult to measure in terms of dollars, approval of SB 2486 would reduce special fund revenues and increase general fund expenditures.

Lost special fund revenues would be realized from:

- * Annual in-state sales of approximately \$400,000 to retailers, hospitals and nursing homes.
- * Annual sales to governmental agencies of approximately \$500,000.
- * Potential annual sales to out-of-state nonprofit organizations of approximately \$500,000 to \$800,000.
- * Other kinds of revenue would be lost in the form of taxes generated from ND vendors that supply us with materials and lost incomes taxes from employees who would lose their jobs...

General Fund expenditures would increase as a result of:

- * Unemployment benefits
- * Inmates becoming indigent and relying on the penitentiary to provide for their clothing, toiletry supplies, legal assistance...
- * Additional general funded staff to provide adequate security and programs for idle inmates.
- * Price increases for the remaining products sold to government agencies.
- * Increased welfare support to families of inmates who would no longer receive assistance from working inmates.
- * The most significant expenditure would come from inmates who leave the institution with no money, no job skill, no work ethic with little or no chance to start a new life and end up returning to prison at a cost of \$18,100 per inmate/ per year.

Rough Rider Industries (RRI) operates five factories for the ND State Penitentiary. The tag plant makes license plates for the state and would not be fiscally impacted by this bill.

The other factories operated by RRI are furniture, upholstery, metal and signs. The metal and sign factories are marginal operations and have been supported by furniture and upholstery for several years. We've kept them open because they provide another 20-25 jobs for inmates. If SB 2486 were enacted the metal factory would close immediately. The sign factory would probably be kept running for a few months to give the ND Department of Transportation time to find someone else to provide our services which includes stripping, straightening and warehousing of approximately 35,000 square feet of metal. The loss of these services would necessitate DOT in finding a new warehouse and start using all new metal for signs. The closing of these two industries would result in the loss of 24 inmate jobs and laying off two full time RRI employees.

Employment in the furniture and upholstery factories would be reduced resulting in the loss of 33 inmate jobs and one full time RRI

employee. Since fixed costs cannot be easily reduced some further reductions and consolidation of staff would occur resulting in the laying off of an additional 6 full time people.

Even with these reductions it is doubtful RRI could survive beyond the '93-'95 biennium with the severely restricted market and the remaining product lines. Therefore, if it is important to keep inmates working and productive our only alternatives would be to seek general fund revenues or open new industries offering other products and services to government agencies. These new industries would most certainly be competing with private sector business now selling to government.