

March 13, 2020

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445A-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 494 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 494 is respectfully submitted to your committee.

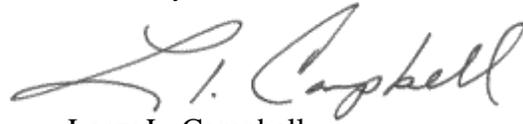
SB 494 would not prohibit a plan or operation, or define a plan or operation as a pyramid promotional scheme, if the participants receive compensation based upon purchases of goods, services or intangible property for personal use, consumption or resale if the plan or operation does not cause inventory loading. The bill would define inventory loading as the requirement or encouragement by a plan or operation to have an independent salesperson purchase inventory in an amount that exceeds the amount a salesperson can expect to resell, use or consume in a reasonable timeframe.

The Office of the Attorney General states that the enactment of this bill could reduce the number of prosecutions of the crime of conducting a pyramid promotional scheme, but the agency is unaware of any cases it has prosecuted in recent years. Therefore, the agency anticipates that there will be no fiscal effect on its operations from SB494.

According to the Kansas Sentencing Commission, there were no convictions in FY 2019 for this violation. However, the enactment of the bill could have an effect on prison admissions and bed space but there is no way to estimate the number of convictions. Based upon the Commission's most recent ten-year projection contained in its *FY 2020 Adult Inmate Prison Population Projections* report, it is estimated that the year-end population for available capacity will be over capacity by 258 inmates in FY 2020 and 524 inmates in FY 2021. The Department of Corrections would house any additional inmates over the capacity limit in county jails or out-of-state contract beds at a rate ranging from \$40.00 per day to \$74.76 per day.

The Office of Judicial Administration states that the enactment of the bill could have a negligible fiscal effect to its operations that could be absorbed within existing resources. Any fiscal effect associated with SB 494 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell
Director of the Budget

cc: Willie Prescott, Office of the Attorney General
Randy Bowman, Corrections
Mary Rinehart, Judiciary
Scott Schultz, Sentencing Commission