

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 875
Judiciary

(Delegate Simmons)

Criminal Law - Proceeds from Drug Crimes - Misdemeanor

This bill prohibits a person from engaging in “money laundering” with the proceeds from a drug crime when the proceeds have a value of less than \$10,000. The offense is a misdemeanor and a violator is subject to maximum penalties of imprisonment for three years and/or a fine of \$20,000. Current law felony penalties for such crimes remain applicable to those circumstances where the value of the proceeds is equal to or more than \$10,000.

Fiscal Summary

State Effect: Minimal increase in general fund revenues and expenditures due to the bill’s penalty provisions. It is assumed that any additional workload for the District Court as a result of the bill can be handled with existing budgeted resources.

Local Effect: Minimal increase in local revenues and expenditures due to the bill’s penalty provisions. It is assumed that any additional workload for the circuit courts and/or State’s Attorneys’ offices can be handled with existing budgeted resources.

Small Business Effect: None.

Analysis

Current Law: A person is prohibited, with the intent to promote a drug crime or with the intent to conceal or disguise the nature, location, source, ownership, or control of proceeds of a drug crime, from taking specified actions (including financial transactions) with respect to the proceeds derived from the drug crime. The term “proceeds” is defined as money or any other property with a value of more than \$10,000.

A violator is guilty of a felony and subject to the following maximum penalties:

- for a first violation – imprisonment for five years and/or a fine of the greater of \$250,000 or twice the value of the proceeds of the financial transaction;
- for each subsequent violation – imprisonment for 10 years and/or a fine of the greater of \$500,000 or five times the value of the proceeds of the financial transaction.

Each financial transaction is considered a separate violation.

Background: According to the Maryland Commission on Criminal Sentencing Policy, there was one conviction for a violation of the prohibition on drug proceeds in the State's circuit courts in fiscal 2010.

State Revenues: General fund revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court.

State Expenditures: General fund expenditures may increase minimally as a result of the bill's incarceration penalty due to more people being committed to Division of Correction (DOC) facilities and increased payments to counties for reimbursement of inmate costs. The number of people convicted under the bill's provisions is expected to be minimal.

Persons serving a sentence longer than 18 months are incarcerated in DOC facilities. Currently, the average total cost per inmate, including overhead, is estimated at \$2,920 per month. This bill alone, however, should not create the need for additional beds, personnel, or facilities. Excluding overhead, the average cost of housing a new DOC inmate (including variable medical care and variable operating costs) is about \$390 per month. Excluding all medical care, the average variable costs total \$170 per month.

Persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to local detention facilities. For persons sentenced to a term of between 12 and 18 months, the sentencing judge has the discretion to order that the sentence be served at a local facility or DOC. Prior to fiscal 2010, the State reimbursed counties for part of their incarceration costs, on a per diem basis, after a person has served 90 days. Currently, the State provides assistance to the counties for locally sentenced inmates and for inmates who are sentenced to and awaiting transfer to the State correctional system. A \$45 per diem grant is provided to each county for each day between 12 and 18 months that a sentenced inmate is confined in a local detention center. Counties also receive an additional \$45 per day grant for inmates who have been sentenced to the custody of the DOC but are confined in a local facility. The State does not pay for pretrial detention time in a local correctional facility. Persons sentenced in Baltimore City are generally

incarcerated in DOC facilities. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detentions.

Local Revenues: Revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the circuit courts.

Local Expenditures: Expenditures increase minimally as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. A \$45 per diem State grant is provided to each county for each day between 12 and 18 months that a sentenced inmate is confined in a local detention center. Counties also receive an additional \$45 per day grant for inmates who have been sentenced to the custody of DOC but are confined in a local facility. Per diem operating costs of local detention facilities have ranged from \$57 to \$157 per inmate in recent years.

Additional Information

Prior Introductions: HB 518 of 2010, HB 401 of 2009, and HB 283 of 2008 all received hearings in the House Judiciary Committee, but no further action was taken.

Cross File: None.

Information Source(s): Baltimore City; Howard and Montgomery counties; Commission on Criminal Sentencing Policy; Governor's Office of Crime Control and Prevention; Judiciary (Administrative Office of the Courts); Department of State Police; Office of the Public Defender; Department of Public Safety and Correctional Services; State's Attorneys' Association; Department of Legislative Services

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