

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 202
Judiciary

(Delegate Lee, *et al.*)

Judicial Proceedings

Crimes - Counterfeiting United States Currency

This bill creates a new crime of counterfeiting. Under the bill, a person may not with intent to defraud: (1) manufacture U.S. currency; (2) counterfeit, cause to be counterfeited, or willingly aid or assist in counterfeiting U.S. currency; or (3) make, scan, record, reproduce, transmit, or have in the person's control, custody, or possession an analog, digital, or electronic image of U.S. currency.

A person who violates the bill's provisions is guilty of a felony and is subject to imprisonment for up to ten years, a fine of up to \$10,000, or both.

The bill provides that the District Court has concurrent jurisdiction with a circuit court over these criminal cases.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues and expenditures due to the bill's penalty provisions.

Local Effect: Potential minimal increase in revenues and expenditures due to the bill's penalty provisions.

Small Business Effect: None.

Analysis

Current Law: The term "counterfeit" means to forge, counterfeit, materially alter, or falsely make. A person may not knowingly possess with unlawful intent or issue

counterfeit U.S. currency. A violator is guilty of a misdemeanor and is subject to imprisonment not exceeding three years, a fine not exceeding \$1,000, or both.

Except as specifically provided in statute, the District Court does not have jurisdiction to try a criminal case charging the commission of a felony.

Background: The U.S. Secret Service is the federal law enforcement agency charged with the prevention of counterfeit U.S. currency. Federal law prohibits a person from falsely making, forging, counterfeiting, or altering any obligation or security of the U.S. with the intent to defraud. Federal law also prohibits dealing in counterfeit U.S. obligations or currencies, possessing the distinctive paper used to make U.S. currency, or possessing any printing plates or other implements that could be used to make counterfeit U.S. currency.

According to the Secret Service, technological advances in computers, printers, and scanners have facilitated the growth in counterfeited currency. Over the last five years, the Secret Service has recovered \$3.2 million in counterfeit currency in Maryland. About \$1.8 million of that currency was produced on computers. Although counterfeiting is generally regarded as a federal offense, the Secret Service reports that counterfeit prosecutions are also brought through state and local law enforcement systems.

In June 2002, the Federal Reserve Board and the Bureau of Engraving and Printing announced the issuance of redesigned paper currency, beginning in the fall of 2003. The new design is referred to as “NexGen” and will affect \$100, \$50, and \$20 notes. These notes will contain new background colors and color shifting ink.

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

State Expenditures: General fund expenditures could increase minimally as a result of the bill’s incarceration penalty due to more people being committed to Division of Correction (DOC) facilities for longer periods of time and increased payments to counties for reimbursement of inmate costs. The number of people convicted of this proposed crime is expected to be minimal. In Maryland, the majority of prosecutions for counterfeiting occur primarily through federal law enforcement efforts. Maryland’s Department of Public Safety and Correctional Services reports that there were two incarcerations for counterfeiting in fiscal 2002.

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 \$1,850 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 medical care and variable costs) is \$350 per month.

Persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to local detention facilities. The State reimburses counties for part of their incarceration costs, on a per diem basis, after a person has served 90 days. State per diem reimbursements for fiscal 2004 are estimated to range from \$14 to \$59 per inmate depending upon the jurisdiction. Persons sentenced to such a term in Baltimore City are generally incarcerated in DOC facilities. The Baltimore City Detention Center (BCDC), a State-operated facility, is used primarily for pretrial detentions. 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.

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

Local Expenditures: Expenditures could 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 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of local detention facilities are expected to range from \$28 to \$84 per inmate in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: SB 8 (Senator Colburn) – Judicial Proceedings.

Information Source(s): Department of Public Safety and Correctional Services, U.S. Department of the Treasury, Board of Governors of the Federal Reserve System, U.S. Code Annotated, Department of Legislative Services

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