

Department of Legislative Services  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 401  
Judiciary

(Delegate Simmons, *et al.*)

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**Criminal Law - Proceeds from Drug Crimes - Misdemeanor**

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This bill prohibits a person from engaging in “money laundering” with the proceeds from a drug crime when the proceeds have a value of \$10,000 or less. 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 over \$10,000.

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**Fiscal Summary**

**State Effect:** Potential 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 in making and filing determinations as to the amount of drug crime proceeds can be handled with existing budgeted resources.

**Local Effect:** Potential 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 in making and filing determinations as to the amount of drug crime proceeds can be handled with existing budgeted resources.

**Small Business Effect:** None.

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**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 \$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 \$500,000 or five times the value of the proceeds of the financial transaction.

Each financial transaction is considered a separate violation.

**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 \$2,600 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 \$342 per month. Excluding all medical care, the average variable costs total \$164 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. 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 2010 are estimated to range from \$23 to \$71 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, 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 may 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 \$46 to \$141 per inmate in fiscal 2010.

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### **Additional Information**

**Prior Introductions:** HB 283 of 2008 received a hearing before the House Judiciary Committee and had no further action taken on it.

**Cross File:** None.

**Information Source(s):** Office of the Public Defender, Department of Public Safety and Correctional Services, State's Attorneys' Association, Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2009  
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