

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 401  
 Judiciary

(Delegate Roberson, *et al.*)

**State Correctional Facilities - Incarcerated Individuals - Costs of Telephone Communications**

This bill (1) prohibits a State correctional facility and a telephone service provider from charging an incarcerated individual or a third party, including the recipient of a telephone call, for an incarcerated individual’s use of telephone equipment or telephone services in a State correctional facility and (2) establishes that a State correctional facility is responsible for the payment of any cost charged by a telephone service provider for such equipment and services. The bill also makes changes related to (1) an incarcerated individual’s access to or use of telephone equipment and services and (2) the composition of incarcerated individual welfare funds. Finally, the bill establishes a related advisory committee. **The advisory committee provisions take effect July 1, 2025, and terminate June 30, 2026. The bill’s other provisions take effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** No effect in FY 2026. Beginning in FY 2027, general fund expenditures increase by *at least* \$8.0 million annually. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	8,000,000	8,000,000	8,000,000	8,000,000
Net Effect	\$0	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not affect local government operations or finances.

**Small Business Effect:** None.

## Analysis

### Bill Summary:

*Telephone Communications:* The bill applies only to telephone equipment or a telephone service authorized by a State correctional facility for use by an incarcerated individual in the facility.

A State correctional facility is responsible for the payment of any cost charged by a telephone service provider for the use of telephone equipment and a telephone service by an incarcerated individual who is confined in the facility; however, this provision may not be interpreted to require a State correctional facility to pay a cost that the facility disputes is owed to a telephone service provider.

The bill also specifies that (1) an incarcerated individual's access to or use of telephone equipment and services may not supplant time that the incarcerated individual is entitled to in-person visitation and (2) nothing in the bill may be construed to prohibit a State correctional facility from disabling telephone services for disciplinary matters.

The bill further requires a State correctional facility to establish a ratio of 10 individuals to 1 telephone.

Finally, the composition of incarcerated individual welfare funds is altered to remove profits derived from telephone commissions.

*Advisory Committee:* The bill establishes the Costs of Telephone Communications Advisory Committee, staffed by the Department of Legislative Services (DLS). The advisory committee must:

- review and analyze data related to no-charge prison and jail phone call programs in other states;
- review and analyze data from the Department of Public Safety and Correctional Services (DPSCS) related to the use of telephone equipment and telephone services, including monthly volume;
- review and analyze contracts for telephone equipment and telephone service in State correctional facilities, including the rates and fees paid by DPSCS and fees charged to users for the services provided;
- make recommendations to lower the projected cost of providing no-charge prison phone calls in the State; and
- make recommendations to efficiently implement a no-charge prison phone call program, as specified.

Advisory committee members may not receive compensation but are entitled to reimbursement for expenses. The advisory committee must report its findings and recommendations to the Governor and the General Assembly by December 31, 2025.

**Current Law:** There is an incarcerated individual welfare fund in each State correctional facility that is used by the facility for goods and services that benefit the general incarcerated individual population, including education and vocational training and support of the grievance process for incarcerated individuals. Each fund, which is a special nonlapsing fund, consists of (1) profits derived from the sale of goods through the commissary operation and *telephone* and vending machine commissions and (2) money received from other sources, except as specified. Accordingly, pursuant to statute, funds generated from telephone calls by incarcerated individuals are deposited into the incarcerated individual welfare funds.

**State Expenditures:** General fund expenditures increase by *at least* \$8.0 million annually beginning in fiscal 2027 due to the bill's provisions that (1) require a State correctional facility to be responsible for the payment of any cost charged by a telephone service provider for the use of telephone equipment and a telephone service by incarcerated individuals confined in the facility and (2) prohibit a State correctional facility and a telephone service provider from charging an incarcerated individual or a third party (including the recipient of a telephone call) for an incarcerated individual's use of telephone equipment or telephone services in a State correctional facility.

DPSCS advises that telephone services for incarcerated individuals are handled by an outside vendor and paid for through (1) the purchase of prepaid telephone services via the commissary by the incarcerated individual; (2) direct payment to the telephone service provider by a third party; and (3) collect calls charged to a third party. The telephone service charges include the service, equipment, and monitoring of phone calls.

This estimate reflects an average of the annual fees paid for telephone service by incarcerated individuals and third parties from fiscal 2022 through 2024, as reported by DPSCS and shown in **Exhibit 1**. As shown in the exhibit, such costs have generally increased in recent years. In addition, because incarcerated individuals will no longer be responsible for payment for telephone services under the bill, the demand for telephone services may increase; thus, the actual increase in general fund expenditures in any given year may be significantly higher than this estimate.

---

**Exhibit 1**  
**Telephone Service Fees Paid**  
**Fiscal 2022-2024**

	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>	<u><b>FY 2024</b></u>
Commissary Prepaid	\$1,251,129	\$1,336,299	\$1,378,198
Direct Prepaid and Collect Calls	5,095,023	6,878,994	7,977,365
<b>Total</b>	<b>\$6,346,152</b>	<b>\$8,215,293</b>	<b>\$9,355,563</b>

Source: Department of Public Safety and Correctional Services

---

DPSCS advises that the current contract for telephone calls by incarcerated individuals is not a revenue-generating source for the department; thus, since fiscal 2016, no funds from telephone calls by incarcerated individuals have been deposited into incarcerated individual welfare funds. Accordingly, the bill's provision that repeals telephone-related profits from the revenue sources of such funds has no effect on State finances.

DPSCS further advises that the current telephone availability in State correctional facilities is 10 individuals to 1.2 telephones, exceeding the bill's required ratio of 10 individuals to 1 telephone.

Any expense reimbursements for advisory committee members and staffing costs for DLS are assumed to be minimal and absorbable within existing budgeted resources.

---

**Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 948 and HB 1366 of 2024.

**Designated Cross File:** SB 56 (Senator Waldstreicher) - Judicial Proceedings.

**Information Source(s):** Department of Public Safety and Correctional Services; Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2025  
js/lgc

---

Analysis by: Shirleen M. E. Pilgrim

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510