

January 29, 2014

The Honorable John Rubin, Chairperson
House Committee on Corrections and Juvenile Justice
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Rubin:

SUBJECT: Fiscal Note for HB 2433 by House Committee on Corrections and Juvenile Justice

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2433 is respectfully submitted to your committee.

HB 2433 would increase the criminal penalties by one severity level for intentional violations of the Kansas Uniform Securities Act that are committed against persons 60 years of age or older. Persons convicted of the crime could not claim that they did not know the age of the victim or that they reasonably believed the victim was not 60 years of age or older.

The bill would expand the focus of the Investor Education Program of the Office of the Securities Commissioner by creating a program to protect the public from violations of the Kansas Uniform Securities Act, including the enforcement and prosecution of securities fraud. The bill would also rename the Investor Education Program as the Investor Education and Protection Program and would rename the Investor Education Fund as the Investor Education and Protection Fund.

The Office of the Securities Commissioner indicates HB 2433 would allow it to reimburse local governments for the enforcement and prosecution of securities fraud cases. The Office of the Securities Commissioner is unable to make a precise estimate of the number of local governments that would request reimbursement of costs associated with the enforcement and prosecution of securities fraud cases. However, the costs would be limited to the amount of available resources in the Investor Education Fund, which the bill renames as the Investor Education and Protection Fund. This fund receives civil penalties and settlements that arise from various securities examinations and investigations.

The bill has the potential to increase the number of prosecutions for securities fraud and the length of criminal penalties for violations that are committed against persons 60 years of age

The Honorable John Rubin, Chairperson

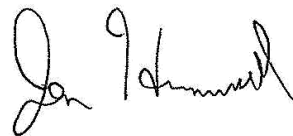
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or older. The Office of the Securities Commissioner indicates that based on its records of prosecuting securities fraud, the bill would require no more than one additional prison bed per year. However, the Kansas Sentencing Commission indicates it is unable to estimate the number of additional adult prison beds that would be needed as a result of this bill. The Board of Indigents Defense Services indicates that it has not represented a defendant who has been charged with violating the Kansas Uniform Securities Act and does not anticipate that it will be required by the court to represent any defendants as a result of this bill.

The bill has the potential for increasing litigation in the courts because of the enhanced penalties created by the bill. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources. Any fiscal effect associated with HB 2433 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is fluid and cursive, with the first name "Jon" being more prominent than the last name "Hummell".

Jon Hummell,
Interim Director of the Budget

cc: Mary Rinehart, Judiciary
Scott Schultz, Sentencing Commission
Melissa Wangemann, Association of Counties
Pat Scalia, Indigents Defense Services
Steve Wassom, Office of the Securities Commissioner