

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1127

PRINTER NO. 1643

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

April 11, 2018

PRIME SPONSOR

Senator Aument

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1127 amends Title 18 (Crimes and Offenses) and Title 62 (Procurement) to provide further penalties for the fraudulent trafficking of food orders.

Senate Bill 1127 maintains current grading of the offense when the amount involved is less than \$1,000 (i.e., misdemeanor of the first degree). The legislation grades the offense as a felony of the third degree if the amount involved is \$1,000 or greater, but less than \$2,500, and it grades the offense as a felony of the second degree if the amount involved is \$2,500 or greater.

The bill provides that the amounts involved shall be aggregated when the fraudulent trafficking of food orders occurs pursuant to a scheme or course of conduct, whether from the same person or several persons.

The bill clarifies that, in addition to any restitution ordered, the defendant must pay to the agency that issued the food order an amount not less than two times, but not more than three times, the amount of restitution ordered.

The bill allows the Inspector General to refer a violation by any commercially licensed defendant to the licensing entity for action provided by law.

The bill provides that a violation under this section is grounds for debarment or suspension under the Commonwealth Procurement Code.

This act shall take effect in 60 days.

FISCAL IMPACT:

Senate Bill 1127 is estimated to save the Department of Human Services between \$450,000 and \$675,000 in state funds for Fiscal Year 2018-19.

The estimated savings is based upon actual prosecutions and restitutions on vendors' Supplemental Nutrition Assistance Program (SNAP) trafficking in Fiscal Year 2016-17, which was \$644,000. The legislation would increase the restitution amount by between 2 and 3 times which would result in restitutions of between \$1.3 million and \$1.9 million. However, because SNAP is a Federal program, the Commonwealth is only able to retain 35% of the restitutions.

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SNAP restitutions are used as an augmentation to the General Fund "County Administration – Statewide" appropriation; therefore, an increase in the augmentation would decrease the need for General Funds in the Department of Human Services.