NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 31

SHORT TITLE: Allow Private Prisons

SPONSOR(S): Senator Parnell

FUNDS AFFECTED: General Fund () Highway Fund () Local Fund () Other Fund ()

BILL SUMMARY: TO ALLOW FOR THE CONTRACTING OF PRIVATE PRISONS. Amends GS 148-37 to authorize the Secretary of Correction, with approval of the Council of State and Department of Administration, to contract with private for-profit or nonprofit firms to provide and operate confinement facilities to house state prisoners within the state. The period of the contract or any renewal contract may not exceed ten years. Prisoners housed in private facilities remain subject to the rules adopted for the conduct of persons committed to the state prison system, although the operator of a private prison may adopt other rules necessary for the operation of that prison with the Secretary of Correction's approval. Custodial officials employed by the private facilities are considered agents of the Secretary of Correction and are entitled by such force as authorized by the Secretary.

EFFECTIVE DATE: Effective on ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Correction

FISCAL IMPACT

FY 94-95 **FY** 95-96 **FY** 96-97 **FY** 97-98 **FY**

98-99 EXPENDITURES RECURRING *This legislation is permissive. The fi NON-RECURRING would be related to successful negotiation of competitive contracts.

POSITIONS:

ASSUMPTIONS AND METHODOLOGY: Department of Correction

Currently, the state leases 960 beds from out-of-state facilities in Rhode Island, Oklahoma, and Tennessee. The Department of Correction has included funds for 925 out-of-state beds in its 1995-97 continuation budget in the

event that these beds are needed. However, it has been stated by the Secretary of the Department of Correction that these contracts should not exceed two years, and thus, should not be continued beyond the 1995-97 biennium.

This legislation provides enabling language which would allow the Department of Correction to contract with for-profit or nonprofit firms to provide and operate confinement facilities to house state prisoners within the state. Contracts entered into under this authority must not exceed ten years and are subject to the approval of the Council of State and Department of Administration.

Since this is only authorizing legislation, there would be no additional fiscal impact on the Department of Correction. However, as contracts are signed with these for-profit or nonprofit firms, funds would need to be appropriated to the Department of Correction to compensate for the care and maintenance of these additional prisoners.

SOURCES OF DATA: Department of Correction

TECHNICAL CONSIDERATIONS: None

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