

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6223**

**BILL NUMBER:** HB 1049

**NOTE PREPARED:** Dec 1, 2023

**BILL AMENDED:**

**SUBJECT:** Crimes Involving Fraud.

**FIRST AUTHOR:** Rep. Zimmerman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases the penalty for fraud to a Level 4 felony if the pecuniary loss is at least \$100,000 or if the pecuniary loss is at least \$50,000 and the victim is an endangered adult or less than 18 years of age.

**Effective Date:** July 1, 2024.

**Explanation of State Expenditures:** Any increase to the DOC offender population should be minor. (See *Additional Information* for details.)

This bill increases the criminal penalty from a Level 5 offense to a Level 4. State expenditures will increase if an offender is subject to a longer sentence, as shown in the following table. [Note: While the maximum pecuniary loss is \$100,000 under current law, the common practice is for the prosecuting attorneys to charge a Level 5 felony if the pecuniary loss exceeds \$100,000.]

<b>Sentences of Incarceration for Level 4 and 5 Felonies</b>				
		<b>Minimum</b>	<b>Advisory</b>	<b>Maximum</b>
Current Law	<b>Level 5 Felony</b>	1 year	3 years	6 years
Proposed	<b>Level 4 Felony</b>	2 years	6 years	12 years

The entire sentence for Level 4 and Level 5 felonies may be suspended and the person placed on either probation or community corrections. If no time is suspended, the offender can receive good-time credit of 25% and educational credit time and, after adjusting for credit time, released from prison and placed on

parole.

Longer sentences will increase the Department of Correction (DOC) population which will increase costs to DOC. The average expenditure to house an adult offender was \$28,110 annually, or \$76.96 daily, in FY 2023. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$4,456 annually, or \$12.21 daily, per prisoner. The marginal cost estimates are based on contractual agreements with food and medical vendors and projections based on prior years for clothing and hygiene. The estimated average cost of housing a juvenile in a state juvenile facility was \$112,655 annually, or \$308.43 daily, in FY 2023. The marginal cost for juvenile facilities was \$6,325 annually or \$17.33 daily.

Additional Information – The following table shows the number of convictions for Level 5 fraud for FY 2019 through 2023.

<b>Convictions for Fraud as a Level 5 Felony</b>					
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Convictions	4	1	5	10	55
Commitments to DOC	1	1	0	2	20
% Committed to DOC	25%	100%	0%	20%	36%

Even if 15% of these cases had a pecuniary loss greater than \$100,000, the added DOC population would likely be less than 20 offenders resulting in an additional cost of \$85,000 based on the FY 2023 marginal cost of \$4,456 per year.

**Explanation of State Revenues:** There would be no change in state revenue because criminal fines and court fees are the same for all felonies.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** There would be no change in revenues because court fees are the same for all felonies.

**State Agencies Affected:** Department of Correction.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Department of Correction; Abstracts of Judgment, Indiana Supreme Court

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