

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1100 < 1st Edition >
SHORT TITLE: Counterfeiting/Negotiable Instruments
SPONSOR(S): Representative Baddour

FISCAL IMPACT

| Yes (X) | No () | No Estimate Available (X) | | |
|-------------------|-------------------|---------------------------|-------------------|-------------------|
| <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>FY 2003-04</u> | <u>FY 2004-05</u> | <u>FY 2005-06</u> |

REVENUES

EXPENDITURES

Department of Correction – No estimate available but assume some fiscal impact
Judicial Branch – No estimate available but assume some fiscal impact

POSITIONS: 0

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Judicial Branch and Dept. of Correction

EFFECTIVE DATE: This act becomes effective December 1, 2001, and applies to offenses committed on or after that date.

BILL SUMMARY:

Adds new GS 14-119.1, which (1) makes it a Class H felony to make, manufacture, buy, sell, exchange, transfer, tender, or receive a counterfeited negotiable instrument with intent that it be passed or used as true and genuine; and (2) makes it a Class G felony to transport or possess three or more counterfeited negotiable instruments with the intent to defraud. Makes conforming amendments to GS 14-119(a) and 14-120 to exclude from those sections conduct that is covered under the new section.

ASSUMPTIONS AND METHODOLOGY:

Department of Correction

It appears that the conduct prohibited by this bill could be partially subsumed in conduct under G.S. 14-119 and G.S. 14-120. However, the term “negotiable instruments” appears to be more current and broader than the list of instruments cited in current State statutes. By creating a new offense and establishing a higher level felony (Class G) for transport or possession of three or more instruments, it is assumed there will be additional charges and convictions due to this bill.

During FY 1999/2000 there were 646 convictions for forgery of an instrument under G.S. 14-119 (Class H felonies including forgery of notes, checks, and other securities). There were 391 convictions for offenses covered under G.S. 14-120 (Class I felonies including forgery of endorsement, uttering a forged endorsement, and uttering a forged instrument). However, there is no data showing the number of convictions for actions specifically prohibited by this bill.

Since this data is not available and the proposed bill creates two new offenses, the Sentencing Commission does not have any historical data from which to estimate the impact of this bill on the prison population. However, the following examples show the potential fiscal impact of this bill although Fiscal Research cannot provide an estimated figure.

Proposed Class H Offense: If, for example, there were three convictions for the proposed Class H offense, this would result in the need for one additional prison bed the first year and two additional prison beds the second year. If, for example, there were 100 convictions for the proposed offense, this would result in the need for 22 additional prison beds the first year and 50 additional prison beds the second year.

Proposed Class G Offense: If, for example, there were two convictions for the proposed Class G offense, this would result in the need for one additional prison bed the first year and two additional prison beds the second year. If, for example, there were 100 convictions for the proposed offense, this would result in the need for 42 additional prison beds the first year and 81 additional prison beds the second year.

Judicial Branch

Again, this bill establishes a new penalty for counterfeiting a negotiable instrument as a Class H felony. This amendment also establishes a penalty for transporting or possessing a counterfeit negotiable instrument with the intent to defraud as a Class G felony, where three or more such instruments are involved.

AOC offense code data for calendar 2000 reveal that 3,536 defendants were charged under G.S. 14-119 and 5,696 defendants were charged under G.S. 14-120. However, AOC does not have historical data from which to estimate how many of these charges involved “negotiable instruments” or to estimate the impact on the Judicial Branch. Depending on the number of such charges, AOC notes this amendment could have a substantial impact on the court system. Fiscal Research does not believe fiscal impact will be substantial, but fiscal impact on the court system is likely.

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission

TECHNICAL CONSIDERATIONS: None

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DATE: April 23, 2001

Official
Fiscal Research Division
Publication



Signed Copy Located in the NCGA Principal Clerk's Offices