

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB755

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Lucas

3. Committee: Finance and Appropriations

4. Title: Compensation for wrongful incarceration.

5. Summary: Restructures how a wrongfully incarcerated person is compensated. Under current law, a person receives 90 percent of per capita income for each year he was incarcerated. Under the bill, compensation is linked to median household income, and a person receives additional amounts if he was sentenced to death, served on parole, or was required to register as a sex offender. The bill directs the compensation to be awarded to the person as a lump sum, rather than, as under current law, awarding 20 percent as a lump sum and using the remaining 80 percent to purchase an annuity. The bill creates an income tax subtraction starting in taxable year 2022 for compensation received under the bill and enables the estate or personal representative of a decedent who was wrongfully incarcerated to seek compensation. The bill eliminates provisions of current law that require a person to forfeit unpaid compensation if the person is subsequently convicted. The bill removes the following requirements for a person to receive compensation for wrongful incarceration: (i) that the person shall have entered a final plea of not guilty, or, regardless of the plea, the person incarcerated was convicted of a Class 1 felony, a Class 2 felony, or any felony for which the maximum penalty is imprisonment for life and (ii) that the person incarcerated did not by any act or omission on his part intentionally contribute to his conviction for the felony for which he was incarcerated.

6. Budget Amendment Necessary: No. See Item 8.

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: This legislation alters the formula for calculating relief provided to wrongfully incarcerated people, resulting in larger relief amounts. The bill also permits the payment of the award in full as a lump sum, rather than limiting the lump sum payment to 20% of the total award and providing the remaining amount in the form of an annuity.

The fiscal impact of the new formula is indeterminate because the number of and characteristics of eligible recipients in future years is unknown at this time. HB/SB30, as introduced, appropriates funds to compensate three wrongfully incarcerated individuals. The funding included in HB/SB30 assumes the passage of this legislation. For these three eligible recipients, the average increase in payment as a result of this legislation compared to existing

law is 43% or \$646,387. As indicated above, this comparison is dependent on the unique circumstances of each wrongfully incarcerated individual.

The following components of the proposed formula are the most significant factors driving increased award amounts under this legislation. First, this bill determines relief using median household income in Virginia in the year a recipient was found to be wrongfully incarcerated, rather than using the inflation adjusted per capita personal income for each year of incarceration. Second, this bill removes the provision calculating relief using 90% of median income, setting it at 100%. In addition to this compensation, the bill also awards \$25,000 for each year of imprisonment after being sentenced to death and \$25,000 for each year served on parole or postrelease supervision, and each year the claimant was required to register with the Sex Offender and Crimes Against Minors Registry. This bill also stipulates that an eligible recipient shall be entitled to court fees, reasonable attorney fees, counseling, housing assistance, employment assistance, health and dental care, and personal financial literacy assistance, as appropriate. Finally, this bill excludes relief compensation from gross income subject to taxation.

The bill would allow the estate of an eligible deceased individual to be compensated. Under existing law, no estate of or personal representative for a decedent is entitled to seek a claim for compensation for wrongful incarceration.

The Department of the Treasury has determined that administration of the new formula and payment of relief as a lump sum will not cause a fiscal impact.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury

10. Technical Amendment Necessary: No

11. Other Comments: HB 30 funds relief for three individuals using amounts calculated assuming the passage of this legislation. The individual relief bills for those three eligible recipients are HB 383, HB 385, and HB 394. This bill is very similar to HB 397.