



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Incarceration Fiscal Note

Short Title: Jaleeyah's Law.
Bill Number: House Bill 1173 (First Edition)
Sponsor(s): Rep. Bell and Rep. Stevens

SUMMARY TABLE

| FISCAL IMPACT OF H.B.1173, V.1 | | | | | |
|---|---|-------------------|-------------------|-------------------|-------------------|
| | <u>FY 2026-27</u> | <u>FY 2027-28</u> | <u>FY 2028-29</u> | <u>FY 2029-30</u> | <u>FY 2030-31</u> |
| State Impact | | | | | |
| General Fund Revenue Less Expenditures | Potentially Significant Budget Cost - Refer to Fiscal Analysis section | | | | |
| General Fund Impact | N/A | N/A | N/A | N/A | N/A |
| NET STATE IMPACT | Potentially Significant Budget Cost - Refer to Fiscal Analysis section | | | | |

FISCAL IMPACT SUMMARY

Criminal offenses are classified as misdemeanors (Class 3 as the lowest and Class A1 as the highest) and felonies (Class I to Class A). There are three types of legislative changes to offenses that may result in a fiscal impact to the State’s criminal justice system: creating a new offense, changing the class of an existing offense, or changing the scope of an existing offense.

This bill makes various changes to laws regarding criminal gang activity including:

- Definitional changes that reduce the threshold for individuals to be charged for criminal gang activity,
- Creating five new criminal offenses,
- Increasing the offense classification for two existing charges, and
- Increasing sentencing enhancements for two existing offenses.

New charges lack historical data to predict how many individuals may be charged or convicted. Similarly, sentencing enhancements and scope expansions for existing offenses are effectively new charges, as there is no way to know how many individuals may be subject to the changes. **Therefore, Fiscal Research is only able to estimate a partial fiscal impact of the proposed legislation on the criminal justice system stemming from increased penalties for existing offenses. These changes in this bill are estimated to cost at least \$65,482 over the life of sentences for each annual cohort of convictions. This amounts to at least \$135,187 over the five-year window covered by this estimate. However, the increased sentencing enhancements proposed in Section 6 of the bill have the potential to also add anywhere from**

\$14.6 to \$48.7 million in costs to the State correctional system per conviction cohort. These estimates were derived using hypothetical scenarios in the absence of directly relevant data, and so are not included as known annual costs. However, the frequency with which gang activity enhancements are applied to Class C through Class I felony convictions is an unknown variable with the potential to sway the overall cost impacts of this proposed legislation.

Each additional person charged under the proposed offenses will have a cost to the judicial system and each additional person convicted will have a cost to the correctional system. The **cost of one charge and conviction** is listed in the table below, along with the percentage of cases that incur those costs at that offense level.

| Additional Cost of One Charge and Conviction | | | | | | | | | | |
|--|-----------------------------|---------------------------|-------------------|-----------|--------------|--------------------------------------|--------------|--------------------|----------|--------------|
| | Prosecution and Defense | | Active Sentence | | | | | Suspended Sentence | | |
| Offense Class | Admin. Office of the Courts | Indigent Defense Services | DAC - Confinement | | | DAC - Post-Release Supervision (PRS) | | DAC - Probation | | |
| Felony | Cost | Cost | Rate | Cost | Length (Mo.) | Cost | Length (Mo.) | Rate | Cost | Length (Mo.) |
| D | \$8,984 | \$1,503 | 100% | \$161,622 | 60 | \$3,370 | 12 | 0% | \$0 | 0 |
| F | \$2,364 | \$765 | 54% | \$48,487 | 18 | \$2,527 | 9 | 46% | \$8,424 | 30 |
| ▲ F to D | \$6,620 | \$738 | 46% | \$113,135 | 42 | \$842 | 3 | -46% | -\$8,424 | -30 |
| G | \$1,951 | \$660 | 41% | \$40,406 | 15 | \$2,527 | 9 | 59% | \$7,301 | 26 |
| H | \$1,300 | \$517 | 36% | \$26,937 | 10 | \$2,527 | 9 | 64% | \$6,739 | 24 |
| ▲ H to F | \$1,064 | \$247 | 18% | \$21,550 | 8 | \$0 | 0 | -18% | \$1,685 | 6 |

Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and impaired driving. The triangle symbols (▲) represent change, plus and minus (+/-) symbols reflect the increase or decrease in cost or time from the current to proposed changes in charge levels.

FISCAL ANALYSIS

Section 2 of the bill makes changes to statutory definitions related to criminal gangs, their activities, and their membership. The bill no longer requires a group to have as one of its primary activities “the commission of criminal or delinquent acts” to be considered a *criminal gang*. The bill also no longer requires that criminal gang members be acting in furtherance of a “criminal purpose” in order to meet the threshold for engaging in *criminal gang activities*. Statute currently outlines criteria pertaining to *criminal gang leaders or organizers* and *criminal gang members*. This bill lowers the threshold for how many of those criteria must be met for a person to qualify for either term. **All of these definitional changes expand the possible pool of defendants who may commit gang-related crimes. However, because there is no data to understand how many additional people may now be subject to existing criminal gang laws, Fiscal Research is unable to estimate the costs associated with these definitional changes.**

Section 3.(a) of the bill amends G.S. 14-50.17 – *Soliciting; encouraging participation* – to increase the age of the solicited adult from 16 to 18, expand the methods of covered solicitation to include

online communications, and **raise the offense punishment from a Class H to a Class F felony**. While the increased age component of this section could decrease the eligible offender population, adding online methods of solicitation could alternatively expand the potential pool of offenders. Considering the unknown impacts to the potential offender pool, complete cost estimates for the changes in this section are not available. However, partial estimates for the offense classification increase can be derived using prior year data.

In calendar year 2025, there were 21 defendants charged with violating G.S. 14-50.17. If the same number of defendants are charged under the new proposed statute, additional costs to the judicial system per year of charges would be as follows:

- \$22,344 cost to the Administrative Office of the Courts (AOC) resulting from 21 charges multiplied by an average additional cost of \$1,064 per charge for a Class F felony compared to a Class H felony.
- \$5,187 cost to Indigent Defense Services (IDS) for public defense services from 21 charges multiplied by an average additional cost of \$247 per charge for a Class F felony compared to a Class H felony.

In fiscal year 2025, there was only one conviction under G.S. 14-50.17. The average additional cost to the Department of Adult Correction (DAC) for one conviction of a Class F felony instead of a Class H felony would include \$21,550 for confinement and \$1,685 for probation.

Section 3.(b) of the bill amends G.S. 14-50.18 – *Soliciting; encouraging participation; minor* – to increase the age of the solicited minor from 16 to 18, expand the methods of covered solicitation to include online communications, and **raise the offense punishment from a Class F to a Class D felony**. The increased age component of this section and adding online methods of solicitation to the offense could expand the potential pool of offenders, but there is not sufficient data to know the scale of this potential impact. As such, complete cost estimates for the changes in this section are not available. However, partial estimates for the offense classification increase can be derived using prior year data.

In calendar year 2025, there were 2 defendants charged with violating G.S. 14-50.18, but none were convicted. If the same number of defendants are charged, but none convicted, under the new proposed statute, additional costs would only be incurred by the judicial system per year of charges as follows:

- \$13,240 cost to AOC resulting from 2 charges multiplied by an average additional cost of \$6,620 per charge for a Class D felony compared to a Class F felony.
- \$1,476 cost to IDS for public defense services from 2 charges multiplied by an average additional cost of \$738 per charge for a Class D felony compared to a Class F felony.

In summary, raising the offense levels for soliciting and encouraging participation in criminal gang activities from a Class H to Class F felony for solicited adults and a Class F to a Class D felony for solicited minors **is estimated to cost the judicial and correctional systems at least \$65,482 over the life of sentences for one cohort of charges and convictions, with the potential for additional costs resulting from expanded defendant populations.**

Section 4.(a) adds a new section 14.50.31 to the General Statutes, establishing a **new Class H felony** for the *possession of a firearm by a criminal gang member*. Because this is a new offense, there is no historical data to predict how many charges may be brought under it. As such, estimated fiscal impacts resulting from this section are not available.

Section 4.(b) creates section 14.50.32 of the General Statutes for the *use, carry, or possession of a firearm by a member of a criminal gang in relation to or in furtherance of a drug felony or crime of violence*. This proposed section **adds three new criminal penalties** depending on how the criminal gang member uses the firearm during a violent or drug-related crime: **a Class G felony for using, carrying, or possessing the firearm; a Class F felony for brandishing the firearm; and a Class D felony for discharging the firearm**. Because these are new offenses, fiscal impacts cannot be estimated due to lack of data on prior charges and convictions.

Section 4.(c) of the bill adds a new section 14.50.33 to the General Statutes, establishing a **new Class G felony** for *selling, delivering, giving, or transferring a firearm to a member of a criminal gang or to a juvenile by a member of a criminal gang*. Because this is a new charge, it is not possible to know how/ many offenses may occur and so Fiscal Research is unable to estimate any potential fiscal impacts resulting from this section of the bill.

Lastly, **Section 6** of the bill increases existing sentencing enhancements for *offenses committed by criminal gang members as a part of criminal gang activity*. Currently, a person who is convicted of any felony lower than Class B2 is subject to a one-class sentencing enhancement when the offense was a part of criminal gang activity. This bill instead imposes a two-class sentence enhancement. Similarly, if the leader or organizer of a criminal gang is convicted of a felony lower than Class B2 as part of criminal gang activity, this bill imposes a three-class sentence enhancement compared to the existing two-class enhancement.

Because sentence enhancements occur after conviction, these changes will not impact costs associated with the trial process. However, **additional costs to the correctional system are likely in response to more strict sentencing**.

In FY 2024, there were a total of 24,615 convictions for Class C through Class I offenses that could have been potentially eligible for sentence enhancements if they were part of *criminal gang activity*. A 2025 report on gang prevention strategies produced by the Governor's Crime Commission, State Highway Patrol, and State Bureau of Investigation indicates that approximately 1% of offenses reported each year in North Carolina are in some way related to gang activity. However, there is not reliable data available on how many offenses resulted in gang-related convictions or how many convictions actually had *criminal gang activity* sentence enhancements applied. Under the new eCourts system, AOC data is dependent on the manual entry of sentence enhancements by each court. According to the AOC, this flag was not utilized frequently or consistently in the system, resulting in a lack of useful proxy data for the proposed increases to sentence enhancements. It is also not possible to know precisely how many more offenders would qualify for these sentence enhancements under the expanded definitions proposed in Section 2 of the bill. **Therefore, it is not possible to estimate the fiscal impact of raising the existing sentence enhancements using available data, though a potential cost range can be derived using hypothetical scenarios.**

Scenario Context

Scenarios 1-3 below explore options in which 1%, 3%, or 5% of convictions per offense class include the new sentence enhancement for *criminal gang activity by criminal gang members* (not leaders). Scenario 4 then considers options in which 0.5% of convictions include the new sentence enhancement for *criminal gang activity by a leader or organizer*. They produce an estimated additional cost to the correctional system over the total sentence life for one annual cohort of convictions.

Table 1 outlines the number of convictions for Class C through Class I felonies that could have potentially been eligible for sentencing enhancement.

Table 1 – Certain Class Felony Convictions in FY 2023-24

| Current Base Felony Level | FY 2024 Convictions with Potential Enhancement Eligibility | Current Enhanced Sentence Level (Gang Members) | Current Enhanced Sentence Level (Gang Leaders) |
|---------------------------|--|--|--|
| C | 637 | B2 | B1 |
| D | 769 | C | B2 |
| E | 1,986 | D | C |
| F | 2,454 | E | D |
| G | 3,794 | F | E |
| H | 8,551 | G | F |
| I | 6,424 | H | G |
| Total | 24,615 | | |

Scenario 1

Table 2 shows the estimated additional cost of confinement, post-release supervision, and probation for sentencing 1% of the prior convictions one additional classification higher than is required under current law for gang members. **This estimated cost is \$8.5 million over the life of the sentence for one year of convictions.**

Table 2 –Gang Member Sentencing Enhancement Scenario (Low)

| Current Sentencing Level | Presumed # of Convictions | New Enhanced Sentencing Level | Change in Confinement Cost | Change in PRS Cost | Change in Parole Cost | Total Additional Cost |
|--------------------------|---------------------------|-------------------------------|----------------------------|--------------------|-----------------------|-----------------------|
| B2 | 6 | B1 | \$1,595,775 | -\$21,066 | \$0 | \$1,574,709 |
| C | 8 | B2 | \$1,139,300 | \$0 | \$0 | \$1,139,300 |
| D | 20 | C | \$1,230,428 | \$0 | \$0 | \$1,230,428 |
| E | 25 | D | \$2,247,516 | \$0 | -\$220,507 | \$2,027,009 |
| F | 38 | E | \$817,592 | \$31,961 | \$21,307 | \$870,860 |
| G | 86 | F | \$691,015 | \$0 | \$96,045 | \$787,060 |
| H | 64 | G | \$865,216 | \$0 | \$36,077 | \$901,294 |
| Total | 246 | | \$8,586,842 | \$10,895 | -\$67,078 | \$8,530,660 |

Scenario 2

Table 3 shows the estimated additional cost of confinement, post-release supervision, and probation for sentencing 3% of the prior convictions one additional classification higher than is required under current law for gang members. **This estimated cost is \$25.6 million over the life of the sentence for one year of convictions.**

Table 3 –Gang Member Sentencing Enhancement Scenario (Medium)

| Current Sentencing Level | Presumed # of Convictions | New Enhanced Sentencing Level | Change in Confinement Cost | Change in PRS Cost | Change in Parole Cost | Total Additional Cost |
|--------------------------|---------------------------|-------------------------------|----------------------------|--------------------|-----------------------|-----------------------|
| B2 | 19 | B1 | \$4,787,324 | -\$63,197 | \$0 | \$4,724,128 |
| C | 23 | B2 | \$3,417,901 | \$0 | \$0 | \$3,417,901 |
| D | 60 | C | \$3,691,285 | \$0 | \$0 | \$3,691,285 |
| E | 74 | D | \$6,742,547 | \$0 | -\$661,520 | \$6,081,027 |
| F | 114 | E | \$2,452,775 | \$95,882 | \$63,921 | \$2,612,579 |
| G | 257 | F | \$2,073,045 | \$0 | \$288,134 | \$2,361,179 |
| H | 193 | G | \$2,595,649 | \$0 | \$108,232 | \$2,703,881 |
| Total | 738 | | \$25,760,527 | \$32,685 | -\$201,233 | \$25,591,979 |

Scenario 3

Table 4 shows the estimated additional cost of confinement, post-release supervision, and probation for sentencing 25% of the prior convictions one additional classification higher than is required under current law for gang members. **This estimated cost is \$42.7 million over the life of the sentence for one year of convictions.**

Table 4 –Gang Member Sentencing Enhancement Scenario (High)

| Current Sentencing Level | Presumed # of Convictions | New Enhanced Sentencing Level | Change in Confinement Cost | Change in PRS Cost | Change in Parole Cost | Total Additional Cost |
|--------------------------|---------------------------|-------------------------------|----------------------------|--------------------|-----------------------|-----------------------|
| B2 | 32 | B1 | \$7,978,874 | -\$105,328 | \$0 | \$7,873,546 |
| C | 38 | B2 | \$5,696,502 | \$0 | \$0 | \$5,696,502 |
| D | 99 | C | \$6,152,141 | \$0 | \$0 | \$6,152,141 |
| E | 123 | D | \$11,237,578 | \$0 | -\$1,102,533 | \$10,135,045 |
| F | 190 | E | \$4,087,959 | \$159,803 | \$106,536 | \$4,354,298 |
| G | 428 | F | \$3,455,074 | \$0 | \$480,224 | \$3,935,298 |
| H | 321 | G | \$4,326,082 | \$0 | \$180,386 | \$4,506,468 |
| Total | 1,231 | | \$42,934,211 | \$54,475 | -\$335,388 | \$42,653,299 |

Scenario 4

Table 5 shows the estimated additional cost of confinement, post-release supervision, and probation for sentencing 0.5% of the prior convictions one additional classification higher than is required under current law for gang leaders. **This estimated cost is at least \$6 million over the life of the sentence for one year of convictions with added costs for increasing a B1 sentence to a for-life Class A sentence.**

Table 5 – Gang Leader Sentencing Enhancement Application Scenario

| Current Sentencing Level | Presumed # of Convictions | New Enhanced Sentencing Level | Change in Confinement Cost | Change in PRS Cost | Change in Parole Cost | Total Additional Cost |
|--------------------------|---------------------------|-------------------------------|--|--------------------|-----------------------|--|
| B1 | 3 | A | Estimate unavailable for life sentence | -\$10,533 | \$0 | Estimate unavailable for life sentence |
| B2 | 4 | B1 | \$963,227 | \$0 | \$0 | \$963,227 |
| C | 10 | B2 | \$1,471,164 | \$0 | \$0 | \$1,471,164 |
| D | 12 | C | \$760,189 | \$0 | \$0 | \$760,189 |
| E | 19 | D | \$1,737,383 | \$0 | -\$170,457 | \$1,566,926 |
| F | 43 | E | \$921,353 | \$36,017 | \$24,011 | \$981,381 |
| G | 32 | F | \$259,565 | \$0 | \$36,077 | \$295,642 |
| Total | 123 | | \$6,112,881 | \$25,484 | -\$110,368 | \$6,027,996 |

Scenario Conclusions

These scenarios demonstrate a range of possible added costs to the correctional system **per annual conviction cohort of \$14.6 million** (gang member enhancement scenario (low) + gang leader enhancement scenario) **to \$48.7 million** (gang member enhancement scenario (high) + gang leader enhancement scenario). In reality, these costs would be unevenly spread year-over-year, with compounding effects in years where overlapping conviction cohorts stack up. **However, this estimate does not parse these potential costs on an annual basis nor include them in the 5-year summary table on Page 1 since they are based on hypothetical scenarios in the absence of relevant data.**

Capital Expenses

Capital costs emerge when prison bed demand exceeds capacity. Based on the most recent prison population and bed capacity projections from the Sentencing and Policy Advisory Commission (SPAC), the State will have sufficient prison beds available beyond the five-year fiscal note horizon. Therefore, Fiscal Research anticipates there will be **no additional prison capital requirements** as a result of this proposed legislation.

Operating Expenses

The table in the Fiscal Impact Summary lists the costs specific to the charge or charges included in this proposal.

TECHNICAL CONSIDERATIONS

- Offense changes are typically effective on December 1. FRD assumes that costs incurred in the first year to the judicial and correction systems would be less than annualized costs due to lag time in charges and convictions.
- This estimate assumes that expanding existing or creating new criminal offenses produces no deterrent or incapacitative effect on crime rates. Likewise, FRD assumes no deterrent effects for any modifications to criminal penalties. The estimates in this Incarceration Note make no assumptions about the larger impact on crime rates or costs to society or the State.

- This estimate makes no prediction regarding the likelihood that a prosecutor will charge an offense based on any proposed increases or decreases to the offense class level. This estimate also does not attempt to predict the impact of offense class changes on plea negotiations. FRD assumes the proposed offense class is charged and convicted at the same rate as the prior level.
- For reference, Appendix A to this document shows the costs per charge/conviction for each class of offense in North Carolina.

DATA SOURCES

Department of Adult Correction; Administrative Office of the Courts; North Carolina Sentencing and Policy Advisory Commission; Office of Indigent Defense Services.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis and Technical Consideration sections of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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APPENDIX A: COSTS PER CHARGE/CONVICTION BY OFFENSE CLASS

| Cost of One Charge and Conviction | | | | | | | | | | |
|-----------------------------------|-----------------------------|---------------------------|---|-----------|--------------|--------------------------------------|--------------|--------------------|---------|--------------|
| Offense Class | Prosecution and Defense | | Active Sentence | | | | | Suspended Sentence | | |
| | Admin. Office of the Courts | Indigent Defense Services | DAC - Confinement | | | DAC - Post-Release Supervision (PRS) | | DAC - Probation | | |
| Felony | Cost | Cost | Rate | Cost | Length (Mo.) | Cost | Length (Mo.) | Rate | Cost | Length (Mo.) |
| A | \$70,930 | \$9,190 | 100% | NA | Life | N/A | N/A | 0% | \$0 | 0 |
| B1 | \$30,500 | \$3,668 | 100% | \$622,245 | 231 | \$3,370 | 12 | 0% | \$0 | 0 |
| B2 | \$22,638 | \$3,668 | 100% | \$371,731 | 138 | \$3,370 | 12 | 0% | \$0 | 0 |
| C | \$10,994 | \$2,250 | 100% | \$223,577 | 83 | \$3,370 | 12 | 0% | \$0 | 0 |
| D | \$8,984 | \$1,503 | 100% | \$161,622 | 60 | \$3,370 | 12 | 0% | \$0 | 0 |
| E | \$4,197 | \$890 | 57% | \$70,036 | 26 | \$3,370 | 12 | 43% | \$8,986 | 32 |
| F | \$2,364 | \$765 | 54% | \$48,487 | 18 | \$2,527 | 9 | 46% | \$8,424 | 30 |
| G | \$1,951 | \$660 | 41% | \$40,406 | 15 | \$2,527 | 9 | 59% | \$7,301 | 26 |
| H | \$1,300 | \$517 | 36% | \$26,937 | 10 | \$2,527 | 9 | 64% | \$6,739 | 24 |
| I | \$946 | \$430 | 16% | \$16,162 | 6 | \$2,527 | 9 | 84% | \$5,897 | 21 |
| Misdemeanor | Cost | Cost | Rate | Cost | Length (Mo.) | Cost | Length (Mo.) | Rate | Cost | Length (Mo.) |
| A1 | \$599 | \$284 | Active sentences for misdemeanor convictions are served in County jail. | | | Misdemeanants do not receive PRS | | 61% | \$4,493 | 16 |
| 1 | \$346 | \$254 | | | | | | 61% | \$3,931 | 14 |
| 2 | \$183 | \$254 | | | | | | 75% | \$3,650 | 13 |
| 3 | \$63 | \$210 | | | | | | 82% | \$3,650 | 13 |

Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Active sentence cost represents the average monthly cost per offender, not the cost of adding one new offender to the prisoner population. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and for impaired driving.