

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

TO: Honorable Ray Allen, Chair, House Committee on Corrections

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1273 by Geren (Relating to the sale of prison articles and products.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1273, As Introduced: a positive impact of \$1,562,500 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$1,000,000
2005	\$562,500
2006	\$562,500
2007	\$562,500
2008	\$562,500

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from TCI RECEIPTS 8030
2004	\$1,000,000
2005	\$562,500
2006	\$562,500
2007	\$562,500
2008	\$562,500

Fiscal Analysis

The bill would amend the Government Code by allowing the Texas Department of Criminal Justice (TDCJ) to contract with nonprofit organizations to manufacture, or sell to those nonprofit organizations, prison-made articles or products. The bill would also amend the prevailing wage provision of the Industry and Agriculture; Labor of Inmates Chapter of the Government Code. The bill would amend the Transportation Code by specifying that TDCJ and the Department of Transportation shall set the price to be paid for each license plate or insignia manufactured by the agency.

Methodology

The fiscal implications of the bill are based solely on the provision that would allow nonprofit organizations to purchase products from TDCJ. Currently the only entities that are eligible to

purchase products from Texas Correctional Industries are: cities, counties, state agencies, federal agencies, public schools, public universities, public hospitals and political subdivisions. The Correctional Industries Division of the Texas Department of Criminal Justice anticipates a large number of new sales to nonprofit organizations in the first year of implementation, with as much as \$1 million dollars in revenue generated in Texas Correctional Industries receipts. Since many of the nonprofit organizations would satisfy purchasing requirements in the first year, TDCJ anticipates new sales to nonprofit organizations to lower to \$562,500 per year in subsequent years. The \$1 million dollars in revenue generated in fiscal year 2004 and the \$562,500 in revenue generated in subsequent years represents a net gain after TDCJ purchases additional materials to produce products for sale. The Texas Youth Commission anticipates no fiscal impact from the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 696 Department of Criminal Justice

LBB Staff: JK, AB, KG, JO, WK, VDS, GG