

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 15, 2007

TO: Honorable Will Hartnett, Chair, House Committee on Judiciary

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1204 by Duncan (Relating to the reorganization and administration of, and procedures relating to, courts in this state, including procedures for appeals.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1204, Committee Report 2nd House, Substituted: a negative impact of (\$132,631) through the biennium ending August 31, 2009.

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
2008	\$0
2009	(\$132,631)
2010	(\$198,046)
2011	(\$3,115,506)
2012	(\$4,573,785)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>JUDICIAL FUND 573</i>	Probable Revenue (Loss) from <i>Basic Civil Legal Services Account in the JUDICIAL FUND 573</i>	Change in Number of State Employees from FY 2007
2008	\$0	\$0	\$0	0.0
2009	(\$132,631)	(\$19,120)	\$10,958	1.3
2010	(\$198,046)	\$19,620	\$21,916	2.0
2011	(\$3,115,506)	\$123,300	\$284,227	30.7
2012	(\$4,573,785)	\$603,590	\$546,530	45.0

Fiscal Analysis

The bill would amend the Government Code relating to the reorganization, administration, and procedures of courts in the state, including procedures for appeals. The bill would abolish 45 county courts at law and transfer pending cases to 45 new district courts. Two county courts would be abolished and two district courts would be created on January 1, 2009. Forty-three county courts would be abolished and 43 district courts would be created on January 1, 2011.

The bill would create a Judicial Committee for Additional Resources consisting of the chief justice of the Supreme Court and the nine presiding judges of the administrative judicial regions to determine

whether certain cases require additional resources as described to be paid by the State to the extent funds are available for this purpose in the General Appropriations Act. The bill would create a grant program administered by the Supreme Court for counties to alleviate backlogs in child protection cases to the extent funds are available for this purpose in the General Appropriations Act.

The bill would establish a grant program developed by the Task Force on Indigent Defense for counties with initiatives to enhance court systems. To the extent funds are available for this purpose in the General Appropriations Act, grants would be awarded by the Supreme Court from available funds and distributed by the Comptroller. The bill would require the Supreme Court to develop and administer a program to provide grants from available funds, which would be distributed by the Comptroller's Office, to counties for initiatives that will alleviate backlogs in child protection cases.

The bill would repeal Chapter 28 of the Government Code to abolish small claims court established under the chapter, effective July 1, 2008. It would require the justice of the peace to transfer all cases pending in a small claims court to a justice court in the county. The bill would also require the Texas Supreme Court to establish rules of civil procedure for small claims cases by July 1, 2008, and require a judge of a justice court to adhere to the rules.

Except as otherwise noted, the bill would take effect September 1, 2007.

Methodology

The state would be responsible for paying the annual salary (\$125,000) and benefits (\$33,223) for 45 district judges. The cost for the salary and benefits for two district judges for the two courts created in fiscal 2009 would be \$210,964; in fiscal 2010, the cost would be \$316,446. In fiscal 2011, the remaining courts would be created and the annual cost for the 43 district judges' salaries and benefits would be as follows: \$4,535,728 in fiscal 2011 and \$6,803,589 in fiscal 2012. The cost of salary and benefits, however, would be offset by savings gained from the abolishment of the county courts at law, as follows: \$46,666 in fiscal 2009; \$70,000 in fiscal 2010; \$1,113,334 in fiscal 2011; and \$1,575,000 in fiscal 2012.

A state consolidated filing fee is assessed in civil cases in district courts that is not assessed in civil cases at the county court level. The fee in a civil case is \$50, except in a family law case where the fee is \$45. The fee is split between the Judicial Fund No. 573 (Other Funds) and the Basic Civil Legal Services Account within the Judicial Fund No. 573. An additional \$10 fee is assessed in civil cases, except in a family law case where the fee is \$5. The fee is credited to the Basic Civil Legal Services Account of the Judicial Fund. At the county court level, however, the fee is \$5 in all civil cases, which means that non-family law cases filed in district court would be assessed a fee that is \$5 higher than the filing fee in the county court at law. Case data was obtained from the Office of Court Administration. Costs to the Judicial Fund No. 573 would be offset by filing fee revenue from the new district courts. There would also be revenue gain to the Basic Civil Legal Services Account in Judicial Fund No. 573 from the filing fee revenue.

According to the Office of Court Administration, the Supreme Court would incur travel expenses for a committee to advise the court on promulgating rules related to small claims in justice courts and for the new Judicial Committee for Additional Resources. Also, the Task Force on Indigent Defense would incur additional expenses to evaluate county requests for grants to enhance court systems. However, this estimate assumes the implementation of these functions could be absorbed within existing resources.

Local Government Impact

The Comptroller's Office contacted several counties to assist in estimating the fiscal impact of the bill. The Calhoun County Auditor's office estimated that beginning in fiscal 2011, the county would experience a savings because it would no longer pay the salary and benefits for one county court at law judge, though the savings would be offset by the hiring of a deputy district clerk. The annual savings, after accounting for the deputy district clerk position, would be \$70,954.

The Ellis County Auditor's office estimated that beginning in fiscal year 2011, the county would

experience a savings because it would no longer pay the salary and benefits for two county court at law judges. The annual savings would be \$217,927.

The Galveston County Auditor's office estimated that beginning in fiscal year 2011, the county would experience a savings because it would no longer pay the salary and benefits for three county court at law judges. The annual savings would be \$379,875.

All the affected counties would see some savings as a result of not paying the salary and benefits of county court at law judges.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, KJG, ZS, TB