LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 17, 2009

TO: Honorable John Whitmire, Chair, Senate Committee on Criminal Justice

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

IN RE: **SB1169** by Nichols (Relating to abolishing the Private Sector Prison Industries Oversight Authority and to the certification and operation of private sector prison industries programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1169, As Introduced: an impact of $0 through the biennium ending August 31, 2011.

General Revenue-Related Funds, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2009	$0
2010	$0
2011	$0
2012	$0
2013	$0
2014	$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *Private Sector Prison Industry Exp* 5060	Probable Revenue Gain/(Loss) from *Crime Victims Comp Acct* 469
2009	($3,872,448)	$3,872,448
2010	$0	$0
2011	$0	$0
2012	$0	$0
2013	$0	$0
2014	$0	$0

Fiscal Analysis

The bill would amend the Government Code by abolishing the Private Sector Prison Industries Oversight Authority and transferring the functions, property, and employees to the Texas Board of Criminal Justice. The bill would require the Board to oversee the operation of the private sector industries programs to ensure program operation in a manner designed to avoid the loss of existing jobs of persons not incarcerated. The bill would add provisions limiting contracts for a private sector industries program and would require a government entity give its state senator and state representative 30 days notice prior to entering into such a contract. The Board would be required to allow no more than 400 participants and no more than 11 cost accounting centers. The Board would be required to adopt rules specifying required contract language. Information related to the program would be required to be placed on the board's internet site.

Also, the bill would require the transfer funds from the General Revenue-Dedicated Account 5060 – Private Sector Prison Industries Expansion to the Office of the Attorney General to make payments for crime victims' compensation, General Revenue Account 0469.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009, and would only affect, on or after that date, program contracts entered or renewed, program certifications, and Board member appointments.

Methodology

The bill would require the transfer of funds from the General Revenue-Dedicated Account 5060 – Private Sector Prison Industries Expansion to the Office of the Attorney General to make payments for crime victims' compensation, General Revenue Account 0469. The Comptroller of Public Accounts (CPA) estimates that based on the 2010-11 Biennial Revenue Estimate, there is no expected revenue; however an account balance of $3.9 million would be transferred for payments to crime victims' compensation.

The Office of the Attorney General (OAG) estimates that there could be potential for reduced revenues to the Compensation to Victims of Crime Fund as a result of the limit on the number of participants. However, the number of participants in recent years has been below the limit, 400, that would be established by the passage of the bill, so no negative impact of revenues is anticipated. The OAG anticipates that any legal or technology costs associated with the passage of the bill could be absorbed from current agency resources.

The Department of Criminal Justice (TDCJ) estimates costs associated for the operation of the private sector industries programs to be $598,355 in General Revenue Funds annually. These expenditures are primarily for the salaries for the TDCJ industrial specialists (approximately 16) who provide oversight to the private vendors at TDCJ facilities. It is assumed that the additional cost could be reasonably absorbed within the agency's current appropriations.

The Youth Commission estimates no significant fiscal implication to the State.

Local Government Impact

A county that operates a private sector prison industries program under Subchapter C, Government Code, and that would renew or enter into a new contract after the effective date of the bill could experience a revenue loss if the Texas Board of Criminal Justice determines that the contract has negatively or would negatively affect any employer in the state and would therefore prohibit the county from renewing or entering into the contract. The revenue loss would depend on terms of the contract.

A county would experience revenue gain from authorization to charge a private sector prison industries employer or other participating entity for the lease of any property owned by the governmental entity and leased to the employer or entity under the contract. The revenue gain would be limited by the restriction of charging no more than fair market value.

None of the other requirements applicable to a county under the provisions of the bill would cause a significant fiscal impact.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 694 Youth Commission, 696 Department of Criminal Justice

LBB Staff: JOB, SDO, DB, ESi, GG, AI