

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 6, 2011

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

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

IN RE: HB3648 by Otto (Relating to state fiscal matters related to the judiciary.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3648, As Introduced: a positive impact of \$23,964,992 through the biennium ending August 31, 2013.

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
2012	\$12,714,043
2013	\$11,250,949
2014	\$11,271,199
2015	\$11,467,749
2016	\$11,588,269

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	\$12,825,994	(\$111,951)	1.0
2013	\$11,332,300	(\$81,351)	1.0
2014	\$11,352,550	(\$81,351)	1.0
2015	\$11,549,100	(\$81,351)	1.0
2016	\$11,669,800	(\$81,531)	1.0

Fiscal Analysis

The bill would amend the Government Code for state fiscal matters related to the Judiciary. Section 1 of the bill would authorize state agencies to reduce or recover expenditures by taking action to consolidate reports, extend license, permit or registration periods, enter into contracts to carry out an agency's duties, adopt additional eligibility requirements for benefits, provide for electronic communication, and adopt and collect fees or charges to recover costs incurred by an agency.

Section 2 of the bill stipulates that reimbursements and payments to various persons, including state employees, visiting judges, district judges, and prosecuting attorneys, not be made in an amount greater than amounts authorized in the General Appropriations Act. According to the Office of Court Administration, in some instances statute outside the General Appropriations Act, such as the Code of Criminal Procedure, determines the amount of reimbursements and payments to these various persons.

Section 3 of the bill amends the Government Code to change provisions relating to the payment of longevity supplements for assistant prosecutors such that, if sufficient funds are not available to meet the requests made by counties in a given period, the county would not be entitled to receive the balance of funds at a later date, and the longevity pay program would be suspended to the extent of any insufficiency.

Section 4 of the bill would amend the Government Code to allow the Process Server Review Board to recommend to the Supreme Court fees to be charged for the certification and renewal of certification of process servers. The Supreme Court would have to approve the fees before the fees could be collected. The proposed amendment also provides that the Office of Court Administration may collect the fees and that the fees collected shall be sent to the Comptroller for deposit into the General Revenue Fund. The bill also authorizes travel reimbursement for members of the Process Server Review Board but specifies that members of the board serve without salary compensation. The bill would allow fees collected to be appropriated for the support of regulatory programs for process servers and guardians.

Section 5 of the bill would change the classification of the Judicial and Court Personnel Training Fund No. 540 from Other Funds to a dedicated account within the General Revenue Fund.

Section 6 of the bill would eliminate the statutory rate for juror pay reimbursement for each day after the first day and replace the amount with language referencing the amount provided in the General Appropriations Act, payable by the Comptroller in quarterly distributions to counties. The rate is currently \$40 per day after the first, with \$34 per day reimbursed to counties for each day following the first day. The legislation would result in four different rates each fiscal year as determined by amounts appropriated and the reimbursement claims submitted by counties on a quarterly basis.

The bill would take effect September 1, 2011.

Methodology

The extent to which an agency would use the authority granted in Section 1 of this legislation is unknown. Therefore, the impact of these changes is not included in the estimates shown above.

No fiscal impact is anticipated to result from Sections 2, 3, or 6 of the bill as the bill's language specifies that amounts would not be paid in excess of amounts appropriated in the General Appropriations Act.

According to the Office of Court Administration (OCA), there are currently over 6,000 certified process servers in Texas. Process servers receive a three-year license. If a fee of \$75 per year is charged, OCA estimates the revenues will range from \$672,300 per year to over \$1 million per year, depending on the number of process servers renewing their certification each year, as well as the number of new certificates issued. The bill would result in costs to establish a system to collect over 6,000 certification fees, as well as maintaining administrative information associated with these certificates.

This analysis assumes that all new process servers will pay a 3-year certification fee upon issuance of their initial certificate. In addition, in the first year of implementation, all currently-certified process servers will pay a pro-rated fee based on the number of months remaining before their scheduled renewal date. Projections are based on historical numbers of certificates issued since the program's inception in 2005. The higher amount of revenue projected for fiscal year 2012 is due to pro-rated fees in the first year of implementation. The higher amounts beginning in 2016 are based on projected growth in the number of certificates issued based on historical trends.

This analysis also assumes that costs include one administrative staff person to process fees and handle other administrative paperwork associated with the certification of process servers (paid an annual salary of \$35,000, together with benefits of \$9,751). Costs include professional fees for computer programming that will allow OCA's current software to properly account for the new fees and provide an interface to the State's Texas Online portal (\$25,000 in fiscal year 2012); computer equipment and modular furniture for the staff person (\$5,600 in fiscal year 2012); and costs associated

with a lockbox function to receive fees and deposit them into the State Treasury, including other operating expenses (\$15,000 in fiscal year 2012 and each year thereafter).

According to OCA, the Process Server Review Board is composed of nine board members and currently meets once every month. OCA estimates travel reimbursement of approximately \$200 per board member per meeting (9 board members x \$200 per meeting x 12 meetings = \$21,600). For purposes of this analysis, travel reimbursement costs for the board are estimated at \$21,600 per year.

This analysis projects probable revenue gain to the General Revenue Fund from the reclassification of the Judicial and Court Personnel Training Fund No. 540 from Other Funds to a General Revenue account of \$11,716,000 in fiscal year 2012 and \$10,660,000 in each fiscal year thereafter. Projected revenues to the Judicial and Court Personnel Training Fun are based on amounts included in the Comptroller's 2012-13 Biennial Revenue Estimate, or \$10.6 million in fiscal year 2012 and \$10.7 million in fiscal year 2013. Additionally, this estimate assumes \$1,128,000 in unexpended balances available in the Judicial and Court Personnel Training Fund at the end of fiscal year 2011. According to the Comptroller's 2012-13 Biennial Revenue Estimate, this is the amount of the projected balance in the Training Fund at the beginning of fiscal year 2012.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, KK, ZS, JP, TB