

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 7, 2013

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1166 by Hegar (Relating to certain procedures and civil penalties under the Deceptive Trade Practices-Consumer Protection Act.), **As Introduced**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for SB1166, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.</p>

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Judicial Fund 573
2014	(\$2,100,000)
2015	(\$2,100,000)
2016	(\$2,100,000)
2017	(\$2,100,000)
2018	(\$2,100,000)

Fiscal Analysis

The bill would amend the Business and Commerce Code to reduce the amount of civil penalties imposed for violations of the Deceptive Trade Practices - Consumer Protection Act (DTPA) from \$20,000 to \$10,000. However, the bill also provides that if the finder of fact determines that the defendant intentionally violated the DTPA, the penalty remains at \$20,000 per violation. Furthermore, the bill would remove the provision imposing an additional civil penalty of \$250,000 if the act or practice targets persons who are 65 years old, or older.

Methodology

According to the Office of the Attorney General (OAG), the agency responsible for litigation and collection of civil penalties under the DTPA, the average amount of revenue collected over the last three fiscal years was \$4,200,000. All civil penalties collected by the OAG under the DTPA are deposited to the Judicial Fund Account No. 573 and allocated to the Supreme Court to provide basic civil legal services for eligible low income Texans. The OAG anticipates that the bill would reduce civil penalty collections under the DTPA by 50 percent, resulting in a revenue loss of \$2,100,000 per fiscal year to the Judicial Fund Account No. 573. This 50 percent reduction in revenue is based on the OAG assuming that they would be unable to prove that a defendant intentionally violated the DTPA, resulting in the civil penalty being reduced from \$20,000 to \$10,000. In addition, the OAG indicates that the bill could reduce the number of cases the agency decides to file regarding the DTPA and as a result, fewer attorney fees may be collected by the agency.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General

LBB Staff: UP, AG, EP, JM