

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 24, 2015

TO: Honorable René Oliveira, Chair, House Committee on Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1603 by Villalba (Relating to the creation of the chancery court and the court of chancery appeals to hear certain cases.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1603, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

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 2015
2016	\$4,124,619	(\$4,124,619)	27.5
2017	\$3,934,391	(\$3,934,391)	27.5
2018	\$3,934,391	(\$3,934,391)	27.5
2019	\$3,934,391	(\$3,934,391)	27.5
2020	\$4,128,091	(\$4,128,091)	27.5

Fiscal Analysis

The bill would amend the Government Code to create a new court called a chancery court that would have concurrent jurisdiction with the state's district courts in actions involving certain business litigation and a court of chancery appeals to hear appeals from the chancery court. The chancery court would be composed of seven judges and would be entitled to a state salary equal to the salary paid to a district judge from the state (\$140,000) plus the maximum supplement allowed by law to be paid by the counties to a district judge (\$18,000), or \$158,000 total.

The court would be composed of seven active justices on the courts of appeals appointed by the governor. The justices would sit in randomly selected panels of three in any convenient place to hear the appeal. In lieu of the compensation already provided to the justices for their services on the court of appeals, the justices would be entitled to an amount equal to that of a chief justice of the court of appeals, including the maximum amount of local contributions, or \$165,500.

The court would be able to hold court in any location and the sheriff or the sheriff's deputy would attend to the court as required with reimbursement for these services by the state. The judges would maintain chambers in their county of residence in facilities provided by the state. The chancery court would be required to use the most advanced technology feasible, when necessary and appropriate, to facilitate expeditious proceedings in matters brought before the court. As determined by the court, counsel and parties would be allowed to appear remotely by means of Internet-based or other technological devices.

The court would have a clerk whose office would be located in Travis County to receive all filings and function as a district clerk and appellate court clerk. The bill also provides for the following court staff: staff attorneys for the court, staff attorney for each chancery court judge, court coordinators and court reporters. The court would be required to charge filing fees in an amount sufficient to cover the costs of administering the chancery court system.

The bill would take effect September 1, 2015.

Methodology

This analysis assumes that costs associated with the bill's implementation would be offset by new civil filing fees established by the chancery court at rates sufficient to cover the costs of administering the chancery court system.

Judicial Positions and Salary Costs

Total judicial compensation costs for the chancery court judicial positions are 7.0 judges at \$1,394,460 in fiscal year 2016 and \$1,397,932 in fiscal year 2017. The increase in compensation for fiscal year 2017 and beyond is due to anticipated increases in insurance costs. These judges would be compensated at a state salary equal to the salary paid to a district judge plus the maximum supplement allowed by law to be paid by counties to a district judge, or \$158,000, plus benefits of \$41,209 in fiscal year 2016 and \$41,705 in fiscal year 2017 and beyond.

Total judicial compensation costs for the seven court of chancery appeals justice positions are \$17,500 each year to raise each appointed justice to the salary level of a Court of Appeals Chief Justice, or \$165,500. This would be a salary increase of \$2,500 for each of the seven appointed justices.

Court Legal and Non-Legal Personnel Costs

Chancery court system personnel costs assume the courts will utilize all potential personnel for court operations as provided in the bill and are based on FTE amounts and salary levels comparable to similar amounts for trial and appellate courts. This includes a clerk of the court at \$92,700 per year, a central staff attorney at \$97,500 per year, a court administrator at \$100,000 per year, 7 staff attorneys to provide each judge one staff attorney at \$88,600 each per year (or \$830,324 total), one court coordinator per judge, or seven FTEs, at \$50,000 each per year (or \$350,000 total), and 0.5 court reporters per judge, or 3.5 FTEs, at \$35,000 each per year (or \$245,000 total). Total personnel costs for legal and non-legal personnel are 20.5 FTEs at \$1,505,400 each year with annual benefits of \$479,550.

Operational Costs

Total operational costs for the chancery court system are estimated to be \$697,230 in fiscal year 2016, \$503,530 between fiscal years 2017 through 2019, and \$697,230 in fiscal year 2020. This estimate assumes the court would meet half the days of the week.

This includes travel costs of \$96,000 per year, or \$13,000 for each court and \$5,000 for central staff, \$175,000 for reimbursement of bailiff costs in counties where the chancery court sits, and \$118,250, or \$4,300 per FTE, for facilities. In addition, the new chancery court system would have technology costs of \$184,100 in fiscal year 2016 for initial set up and in fiscal year 2020 to meet 5-year technology refresh cycles in order to meet the bill's provision that the court use the most advanced technology feasible. An additional \$123,880 for fiscal years 2016, \$114,280 for fiscal years 2017 through 2019, and \$123,880 in fiscal year 2020 are for other operating expenses for the court, such as publications, legal reference material, software licenses, and internet access.

Local Government Impact

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

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 303 Facilities Commission, 304 Comptroller of Public Accounts

LBB Staff: UP, CL, MW, GDz, LBe