

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1810 by Giddings (Relating to the sale of prison-made products to certain persons.),
As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB1810, As Engrossed: 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/(Loss) from <i>TCI Receipts</i> 8030	Probable Savings/(Cost) from <i>TCI Receipts</i> 8030
2016	\$0	\$0
2017	\$2,958,298	(\$2,958,298)
2018	\$2,958,298	(\$2,958,298)
2019	\$2,958,298	(\$2,958,298)
2020	\$2,958,298	(\$2,958,298)

Fiscal Analysis

The bill would implement the recommendations in the report, "Expand the Market to which Texas Correctional Industries Can Sell Goods and Services" in the Legislative Budget Board's Government Effectiveness and Efficiency Report, submitted to the Eighty-fourth Texas Legislature, 2015.

The bill would amend the Government Code to authorize Texas Correctional Industries (TCI) to sell goods to certain private prison vendors with whom the Texas Department of Criminal Justice

(TDCJ) contracts and certain current and retired state employees. Specific reporting requirements would be required of certain private vendors and the Texas Board of Criminal Justice. The bill would give the Texas Board of Criminal Justice authority to adopt related rules and would require TCI to make its catalogs available to certain entities.

The bill would take effect on September 1, 2015.

Methodology

This analysis assumes it would take one year to implement the provisions in the bill. Beginning in fiscal year 2017, the bill could result in an annual revenue gain of approximately \$3.0 million and an equal, offsetting cost. The revenue generated through TCI sales is appropriated to TDCJ to cover costs associated with production of the goods sold.

Based on LBB staff analysis of information previously provided by the agency, for the purposes of this fiscal note it is assumed that sales of necessities to private prison vendors that operate in Texas could lead to an estimated increase in sales revenue of approximately \$2.5 million in General Revenue Account 8030 - TCI Receipts. Based on experience in other states, it is assumed that sales to state employees would result in a gain in annual sales revenue of approximately 1 percent, or \$0.5 million in TCI sales.

Local Government Impact

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

Source Agencies:

LBB Staff: UP, KJo, JJ, JHa