

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 2, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3514 by Gervin-Hawkins (Relating to restorative justice initiatives.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3514, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$1,500,000) for the 2018-19 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Property Tax Relief Fund 304
2018	(\$750,000)
2019	(\$750,000)
2020	(\$750,000)
2021	(\$750,000)
2022	(\$750,000)

Fiscal Analysis

The bill would amend the Code of Criminal Procedure, the Government Code, and the Tax Code to facilitate the rehabilitation of certain non-violent offenders. The bill would authorize a court to reduce a fine imposed on an indigent defendant convicted of a nonviolent Class B or Class C misdemeanor if the court determines that the reduction is in the interest of justice, regardless of if the defendant has defaulted in payment.

The bill would require trial courts to keep confidential all records and files relating to certain arrests and convictions in certain cases for lengths of time defined in the bill. The bill would require the automatic expunction of these confidential records on the six-month anniversary of the date the defendant's sentence was discharged, if the most serious offense that the defendant was convicted of was a Class C misdemeanor, or the second anniversary of the date the defendant's sentence was discharged, if the most serious offense that the defendant was convicted of was a Class B misdemeanor.

The bill does not specify a requirement or provide a methodology for courts to notify the Department of Public Safety (DPS) when an individual's confidential record would be eligible for automatic expunction. It is assumed DPS' Crime Records Division would have to develop a means of determining whether an individual's confidential record is eligible for expunction.

The bill would also require DPS to establish a grant program funded by gifts, grants, and donations to provide financial assistance to local law enforcement agencies to improve community outreach in high-crime areas through certain activities.

The bill would also amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding a new tax credit for employers who hire low-level offenders. The bill defines low-level offender as a person who has been convicted of or placed on deferred adjudication community supervision for a nonviolent Class B or Class C misdemeanor and has never been convicted of or placed on deferred adjudication for a violent offense. A taxable entity qualifies for a \$1,000 credit if the entity employs a low-level offender in a full-time position during the entire accounting period on which the report is based, and the offender is not arrested or charged with a violent offense during that period. The bill does not allow entities to claim credits on more than three offenders, or claim more than one credit on a single offender. The bill requires the Comptroller to provide forms for taxable entities to use to apply for the credit.

The bill would take effect September 1, 2017. The new franchise tax credit would apply only to reports originally due on or after January 1, 2018.

Methodology

The estimate of the revenue loss from the Property Tax Relief Fund related to the newly created franchise tax credit relied on franchise tax payer data from the Comptroller and criminal justice statistics from the Office of Court Administration.

This analysis assumes any costs to DPS associated with implementing the provisions of the bill could be absorbed within existing resources.

The Office of Court Administration anticipates that there would be no significant impact to court costs or fines collected by the state from the reduction of fines for indigent defendants because it is assumed these defendants are currently not paying court costs or fines and thus no court cost or fine is collected.

Local Government Impact

According to the Office of Court Administration, OCA has historically assumed that certain defendants will not pay and thus collection rates are presumed to be 40% for Class B misdemeanors and 65% for Class C misdemeanors. OCA anticipates that these individuals would be the defendants whose fines would be reduced under the bill's provisions. Therefore, no significant fiscal impact to the local court system is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304
Comptroller of Public Accounts, 405 Department of Public Safety

LBB Staff: UP, KK, MW, GDz, JAW, LCO, JGA