

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 7, 2019

TO: Honorable Jeff Leach, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB4149 by Leach (Relating to the creation of the business court and the Court of Business Appeals to hear certain cases; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4149, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2019
2020	\$4,345,495	(\$4,345,495)	27.5
2021	\$4,151,795	(\$4,151,795)	27.5
2022	\$4,151,795	(\$4,151,795)	27.5
2023	\$4,151,795	(\$4,151,795)	27.5
2024	\$4,335,895	(\$4,335,895)	27.5

Fiscal Analysis

The bill would amend the Government Code to create a new court called the business court that would have concurrent jurisdiction with the state's district courts in actions involving business litigation. A business court of appeals would also be created to hear appeals from the business court. The business court would be composed of seven judges and would be entitled to a state salary equal to the salary paid to a district judge (\$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.

Under the provisions of the bill, the business court would be able to hold court in any location and the sheriff or 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 business 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. The bill would allow counsel and parties to appear remotely by means of Internet-based or other technological devices as determined by the court.

Under the provisions of the bill, the business court of appeals would be composed of seven active justices on the courts of appeals and would be appointed by the governor. The justices would sit in randomly selected panels of three in any convenient place to hear the appeal. The bill would provide that 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, in lieu of the compensation already provided to the justices for their services on the court of appeals.

Under the provisions of the bill, the court would have a clerk whose office would be located in Travis County to receive all filing and function as a district clerk or appellate clerk. The bill would also provide for a staff attorney for the court, staff attorneys for each business court judge, court coordinators, and court reporters.

The bill would require the court to charge filing fees in an amount sufficient to cover the costs of administering the business court system.

The bill would take effect September 1, 2019.

Methodology

This analysis assumes that costs associated with the bill's implementation would be offset by new civil filing fees established by the business court at rates sufficient to cover the costs of administering the business court system. According to the analysis of the Office of Court Administration, the number of cases that would be filed in each court cannot be determined.

Total compensation costs for the seven business court judge positions is estimated to be \$1,492,326 each year. The judges would be compensated at the 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 (\$18,000), or \$158,000, plus benefits of \$55,189, for an estimated total of \$213,189 per judge position each year.

Total compensation costs for seven business court of appeals justice positions are \$17,500 each year to raise each appointed justice position 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.

This analysis assumes that the business court system 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 position at \$97,500 per year, a court administrator position at \$100,000 per year, 7 staff attorney positions at \$88,600 for each per year, 7 court coordinator positions at \$50,000 for each per year, 3.5 court reporters positions at \$70,000 for each per year. Total personnel costs for legal and non-legal positions (20.5 FTEs) are estimated to be \$1,505,400 each year with annual benefits costs of \$525,836.

Total operation costs for the business court system are estimated to be \$614,220 in fiscal year 2020 and \$604,620 in fiscal year 2021. This includes travel costs per year, reimbursement of bailiff costs in counties where the business court sits, and facilities costs.

Technology

The business court system would have technology costs of \$184,100 in fiscal year 2020 for initial set up and in fiscal year 2024 to meet 5-year refresh cycles to meet the bill's provision that the court use the most advanced technology feasible.

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: WP, SLE, MW, DA