

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 8, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB903 by Oliverson (Relating to the settlement of certain claims on behalf of a minor.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB903, As Introduced : a negative impact of (\$658,262) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$335,543)
2023	(\$322,719)
2024	(\$322,719)
2025	(\$322,719)
2026	(\$322,719)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid</i>	<i>Probable Savings/(Cost) from Federal Funds</i>	<i>Change in Number of State Employees from FY 2021</i>
	1	758	555	
2022	(\$334,962)	(\$581)	(\$14,104)	1.0
2023	(\$322,203)	(\$516)	(\$13,610)	1.0
2024	(\$322,203)	(\$516)	(\$13,610)	1.0
2025	(\$322,203)	(\$516)	(\$13,610)	1.0
2026	(\$322,203)	(\$516)	(\$13,610)	1.0

Fiscal Analysis

The bill would amend Civil Practice and Remedies Code and would create authority for a person having legal custody of a minor, who does not have a guardian or guardian ad litem, to settle claims on their behalf. The bill would also require if there is a cash settlement and the minor or person entering into the agreement on the minor's behalf is represented by an attorney, the attorney will deposit the sum into their attorney trust account and then transfer the money to a federally insured savings account for the minor. If a minor is not represented by an attorney the payment would be paid directly to a federally insured savings account, opened by the person entering into the settlement on behalf of the minor.

The bill also outlines cash settlement processes where the minor is in the permanent managing conservatorship of the Department of Family and Protective Services, as well as the process where money would be paid by annuity purchase. The bill would prevent the withdrawal, removal, pay out, or transfer of money paid to a minor under the new chapter to any person, including the minor, except in certain circumstances.

The bill would take effect September 1, 2021.

Methodology

The analysis assumes that to establish and maintain trusts for minors that one attorney full-time equivalent (FTE) would be needed to address legal issues that arise from the creation of the trust, coordination with the law firm responsible for the trust and work with district and county attorneys to develop and maintain policies and procedures. It is assumed that the FTE would continue in each subsequent fiscal year.

The analysis assumes that there would be three trust funds needed in each region annually resulting in thirty-three trusts per year. The costs to establish a trust would include costs for legal fees to draft the trust documents, appoint a trustee, set up a trust account with a bank and other related expenses would total \$7,000 per trust. This would result in \$231,000 in costs each fiscal year. The assumption of thirty-three trusts per year is based on estimate from trusts set up to manage other types of settlements like Supplemental Security Income (SSI) for Children in Foster Care. It is assumed that these costs will continue in each subsequent fiscal year.

Based on the analysis of the Office of Court Administration, no significant fiscal impact to the state court system is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Admin, 530 Family & Protective Services

LBB Staff: JMc, SLE, JLi, AN, BH