

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 2, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB7 by Guillen (Relating to services and programs in the southern border region of this state to address the effects of ongoing criminal activity and public health threats in that region.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB7, Committee Report 1st House, Substituted: a negative impact of (\$91,559,773) through the biennium ending August 31, 2025 for programs administered by the Office of Court Administration and the Office of the Governor. Additional costs are anticipated but cannot be determined due to uncertainty about the level of funding for grants and programs established under the bill.

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>
2024	(\$61,449,085)
2025	(\$30,110,688)
2026	(\$20,169,585)
2027	(\$20,254,341)
2028	(\$20,226,522)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Crime Victims Comp Acct 469</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$61,449,085)	(\$881,830)	27.7
2025	(\$30,110,688)	(\$881,830)	27.7
2026	(\$20,169,585)	(\$881,830)	27.7
2027	(\$20,254,341)	(\$881,830)	27.7
2028	(\$20,226,522)	(\$881,830)	27.7

Fiscal Analysis

Among its provisions, the bill would:

- Prescribe the Governor certain responsibilities in making agreements with Mexico;
- Lead economic development initiatives related to the border region;

- Establish certain specialty courts; and
- Establish grant programs relating the effects of ongoing criminal activity and public health threats in the border region.

Border Protection Court Grant Program

The bill would establish the border protection court program to support the operation of courts in the border region with the adjudication of border-related offenses. The Office of Court Administration (OCA) would establish and administer a grant program to support the operation of a border protection court program established under the bill.

The bill would require OCA to adopt certain administrative rules for grant program administration. The amount provided for the grant program would be set in the General Appropriations Act. Administrative costs associated with the program could not exceed five percent of any general revenue appropriated for the grant program.

The bill would require OCA to conduct a study to identify offenses for which prosecutions have increased because of Operation Lone Star.

Border Property Damage Compensation Account

The bill would establish a Border Property Damage Compensation Account to be administered by the Criminal Justice Division of the Office of the Governor (OOG). The fund would be used to compensate a person residing in the border region for actual damages to their real or personal property caused by a person who entered or attempted to enter the state by crossing its border with Mexico at any time or place other than at a port of entry. This account would be created within the Compensation to Victims of Crime Fund.

Grant Programs Administered by the Office of the Governor

The bill would establish the following funds:

1. the Border Protection Equipment and Infrastructure Fund;
2. the Border Protection Criminal Justice Facilities Fund;
3. the Border Protection Public Safety Personnel Fund; and
4. the Border Protection Secure Trade Fund.

These funds would be administered by the OOG Criminal Justice Division and would provide financial assistance to local governments and community institutions in the border region.

Border Institution Grant Program

The bill would establish the Border Institution Grant Program. The program would be administered by the Texas Higher Education Coordinating Board (THECB) and award financial assistance to institutions of higher education in the border region with programs related to border safety research and workforce development.

Methodology

Border Protection Court Grant Program

OCA estimates the annual cost of the Border Protection Court Program would be \$60,825,084 in fiscal year 2024 and \$29,486,687 in fiscal year 2025. Costs for fiscal year 2024 include one-time costs associated with setting up a new program, operating expenses, and \$57,584,912 in estimated grant costs.

The grant costs represent funding estimates for seven district and or county courts that presently receive grant funding from the OOG Trusteed Programs, and eleven new courts whose respective law enforcement agencies have either already received grant funding or the court is noting an uptick in Operation Lone Star (OLS) driven case volume. Also included in the grant total is an estimate for indigent defense representation as well as funding for additional attorney staff for the Fourth Court of Appeals to handle OLS appeals.

Grant expenses were determined using actual expenses incurred by the counties running the Operation Lone Star Program and estimates to create eleven additional grants to counties not currently receiving court funds but experiencing expanded law enforcement operations. TIDC Supplement amount was estimated based on the amount the counties would seek funding from the OOG each year.

Programs Administered by the Office of the Governor

The OOG has identified personnel and administrative costs for the Border Property Damage and Compensation Program and the grant programs to total \$1,505,831 in each fiscal year of the biennium.

The OOG'S Criminal Justice Division would be required to administer the Border Property Damage Compensation Account to review damage claims from property owners within the border region. Consistent with other teams within the criminal justice division, the Property Damage Compensation team would consist of an Administrator, Associate Administrator, three Grant Specialists and a dedicated Accountant.

The Criminal Justice Division administers other border related grant programs each averaging between 100 - 150 funded grant recipients each year and based their estimates on their experience managing these similar programs. OOG anticipates that the funds established by the bill could generate more than 600 individual grant awards to local jurisdictions and state agencies, requiring five Grant Specialists and three Auditor positions.

The number of individuals who would be compensated for damages, and the amounts of legislative appropriations and other amounts that the fund would consist of are unknown; therefore, the related fiscal impact on the state cannot be determined. Costs associated with grants provided through the four grant program are also unable to be determined.

Border Institution Grant Program

THECB is unable to estimate the cost of the grants, as provisions regarding eligible institutions and grant amounts are subject to further rulemaking. This analysis assumes that administrative costs associated with this program could be absorbed using existing resources.

Local Government Impact

According to OCA, local courts could see a positive fiscal impact because of the bill. By participating in border court grants the bill could provide eligible jurisdictions with expanded capacity to handle increased Operation Lone Star filings. In addition, the OOG reports that local governments would see a positive fiscal impact because of the various grant programs funding the construction and maintenance of border infrastructure, facilities, equipment, and services.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 696 Department of Criminal Justice, 781 Higher Education Coordinating Board, 802 Parks and Wildlife Department

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