

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 19, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2788 by Jetton (Relating to the purchase of or acquisition of title to real property by certain aliens or foreign entities; creating a criminal offense.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2788, As Introduced : a negative impact of (\$6,154,000) through the biennium ending August 31, 2025.

Additional fiscal implications cannot be determined due to a lack of data to estimate the prevalence of conduct outlined in the bill's provisions that would be subject to any penalties.

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	(\$3,077,000)
2025	(\$3,077,000)
2026	(\$3,077,000)
2027	(\$3,077,000)
2028	(\$3,077,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$3,077,000)	33.0
2025	(\$3,077,000)	33.0
2026	(\$3,077,000)	33.0
2027	(\$3,077,000)	33.0
2028	(\$3,077,000)	33.0

Fiscal Analysis

The bill would prohibit the purchase of or acquisition of title to real property by certain foreign individuals or entities. The bill would require the Comptroller of Public Accounts (CPA) to establish procedures to examine a transfer of real property and determine whether an investigation of a possible violation of the bill's provisions would be warranted. Upon such determination, the bill would require CPA to investigate and determine whether a violation occurred. The bill would create a state jail felony offense for certain foreign individuals to

intentionally or knowingly purchase or otherwise acquire title to real property in Texas. The bill would make certain companies or entities that violate the bill's provisions subject to a fine and forfeiture of the property to the state.

Methodology

CPA estimates that there are approximately 600,000 real property transactions in Texas each year for which it would need to create a process to examine. CPA estimates that an employee would be able to review up to 400 transactions annually. If CPA were to annually review 2 percent, or 12,000, of the real property transactions for violations of the bill's provisions, it estimates that it would require 30 full time equivalents.

Due to the high volume of real estate transactions in Texas and the anticipated illegal transactions, CPA estimates that the workload of the Comptroller's General Litigation division would increase substantially after implementation. CPA estimates that over 100 potentially illegal transactions would lead to litigation involving the Comptroller per year. Based on a single attorney being able to manage up to 40 cases per year, CPA estimates 3 attorneys would be needed to help with defending the agency against lawsuits resulting from examination and investigation process.

The impact of the state jail felony offense on state correctional populations or on the demand for state correctional resources and any state revenue impact cannot be determined due to a lack of data to estimate the prevalence of conduct outlined in the bill's provisions that would be subject to any penalties.

The Department of Public Safety, General Land Office, Office of Court Administration, and Office of the Governor indicate that no significant fiscal impact is anticipated.

Local Government Impact

While the fiscal impact to units of local government cannot be determined, it would be contingent on the number of state jail felony offenses committed and the costs associated with enforcement, prosecution, supervision, or confinement.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety

LBB Staff: JMc, SMAT, LBO, DGI