

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 29, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB40 by Landgraf (Relating to the business court.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB40, As Passed 2nd House: a negative impact of (\$19,438,265) through the biennium ending August 31, 2027.

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>
2026	(\$12,007,671)
2027	(\$7,430,594)
2028	(\$7,430,594)
2029	(\$7,430,594)
2030	(\$7,430,594)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Probable (Cost) from Judicial Fund 573</i>	<i>Probable (Cost) from Other Special State Funds 998</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$12,007,671)	(\$37,029)	(\$8,408)	32.0
2027	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2028	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2029	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2030	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0

Fiscal Analysis

The bill would authorize six new business courts. The Second, Fifth, Sixth, Seventh, Ninth, and Tenth, subject to funding through legislative appropriations.

The bill would reduce the threshold of certain disputes eligible for business court consideration from \$10.0 million to \$5.0 million and would expand the list of actions over which the business courts have civil jurisdiction concurrent with district courts.

The bill would entitle business court judges to reimbursement from the state for travel and certain other expenses.

The bill would require the compensation for the administrative presiding judge of the business court be equal to the additional compensation provided to a district judge who serves as local administrative judge in a county with more than five district courts, which is \$5,000.

The bill would entitle a county to seek reimbursement from the state for business court accommodations, including for security costs, in county facilities.

The bill would require the state to provide additional compensation to business court judges equal to the maximum amount a district court judge may be paid by a county, or \$18,000 per fiscal year.

Methodology

Costs assumed by this analysis that are reflected in the table above are based on information provided by the Office of Court Administration (OCA) and the Comptroller of Public Accounts.

The authorization of six new business courts includes six judges.

Each of the six new judges (6.0 FTEs) would be entitled to an additional annual salary of \$18,000 in addition to their \$140,000 base salary. The administrative presiding judge of the business court would be entitled to \$5,000 in additional compensation on par with the amount provided to a local administrative judge in a county with more than five district courts. The total amount required for six new judges, including the additional annual salary, is \$953,000 each fiscal year.

Based on information provided by OCA, court staff, operating expenses, and capital expenses are based on costs associated with establishing the first five business courts in the 2024-25 biennium.

OCA would require \$9,886,747 in General Revenue in fiscal year 2026 and \$5,309,670 in fiscal year 2027 and 26.0 FTEs to implement the provisions of the bill. This includes a biennial total of \$1,680,000 in capital costs for courtroom and office buildouts, \$7,849,171 for other operating expenses, and \$5,667,246 for salaries for 6.0 court reporters, 6.0 court law clerks, 1.0 deputy clerk, 6.0 executive assistants, 6.0 staff attorneys, and 1.0 project manager.

Benefits include the 19.25 percent state contribution to the Judicial Retirement System Plan 2 of \$161,700 each fiscal year in All Funds as well as state contributions for the ERS retirement plan, social security, and agency payroll contributions for retirement and health insurance of \$1,051,661 each fiscal year in All Funds.

Technology

These costs include technology impacts of \$582,885 in fiscal year 2026 and \$34,592 in fiscal year 2027 for OCA to purchase computer equipment, video conferencing equipment, switches, routers, cabling, WiFi, and internet for the new locations.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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, 327 Employees Retirement System, 405 Department of Public Safety

LBB Staff: JMc, KDw, DA, NTh, CMA, NV