

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 8, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB40 by Landgraf (Relating to the Business Court.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB40, As Introduced: a negative impact of (\$22,040,878) 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	(\$12,963,059)
2027	(\$9,077,819)
2028	(\$9,077,819)
2029	(\$9,077,819)
2030	(\$9,077,819)

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	(\$12,963,059)	(\$24,907)	(\$5,656)	32.0
2027	(\$9,077,819)	(\$49,593)	(\$11,261)	40.0
2028	(\$9,077,819)	(\$49,593)	(\$11,261)	40.0
2029	(\$9,077,819)	(\$49,593)	(\$11,261)	40.0
2030	(\$9,077,819)	(\$49,593)	(\$11,261)	40.0

Fiscal Analysis

The bill would amend Government Code, Civil Practices and Remedies Code, and Chapter 380 of Acts of the 88th Legislature related to the administration, operations, jurisdiction, and processes of the business courts.

The bill would authorize six new business courts. The Second, Fifth, Sixth, Seventh, Ninth, and Tenth.

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 add one new judge to each the First and Eleventh business courts. 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 allow 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 as supplemental compensation 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 additional judges who would begin service in January 1, 2026. This analysis prorates the salaries of these six judges for eight months in fiscal year 2026. The two judges who would be added to the previously authorized First and Eleventh business courts would begin service in September 1, 2026.

Each of the eight new judges would be entitled to the maximum county supplement 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 five district courts. The total prorated amount required for eight new judges, including the supplement, is \$709,000 in General Revenue in fiscal year 2026 and \$1,269,000 in fiscal year 2027.

Based on information provided by OCA, court staff, operating expenses and capital expenses are based on costs associated with setting up the first five business courts in the 2024-25 biennium. OCA reports the additional First business court judge would have space in the current property, but the Eleventh business court location will not have space to accommodate the additional judge. Therefore, this analysis assumes a new location for the Eleventh division court will be necessary.

OCA would require \$11,169,581 in General Revenue and 26.0 FTEs in fiscal year 2026 and \$6,345,735 and 32.0 FTEs in fiscal year 2027 to implement the provisions of the bill. This includes a biennial total of \$2,055,000 in capital costs for courtroom and office buildouts, \$9,168,923 for other operating expenses, and \$6,291,393 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 a project manager. The additional staff who would come on board in fiscal year 2027 include 2.0 court law clerks, 2.0 executive assistants, and 2.0 staff attorneys.

Benefits include the 19.25 percent state contribution to the Judicial Retirement System Plan 2 of \$108,763 in fiscal year 2026 and \$216,563 in fiscal year 2027 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 \$1,006,278 in fiscal year 2026 and \$1,307,375 in fiscal year 2027 in All Funds.

Technology

These costs include technology impacts of \$663,552 in fiscal year 2026 and \$43,652 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

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