

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 7, 2015

TO: Honorable Abel Herrero, Chair, House Committee on Criminal Jurisprudence

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB507 by Moody (Relating to a civil penalty for possession of certain small amounts of marihuana and an exception to prosecution for possession of associated drug paraphernalia.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB507, As Introduced: a positive impact of \$1,925,326 through the biennium ending August 31, 2017.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$962,663
2017	\$962,663
2018	\$962,663
2019	\$962,663
2020	\$962,663

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Various General Revenue</i> <i>Dedicated Accounts</i>	Probable Revenue (Loss) from <i>Judicial Fund</i> 573
2016	\$962,663	(\$1,126,560)	(\$259,975)
2017	\$962,663	(\$1,126,560)	(\$259,975)
2018	\$962,663	(\$1,126,560)	(\$259,975)
2019	\$962,663	(\$1,126,560)	(\$259,975)
2020	\$962,663	(\$1,126,560)	(\$259,975)

Fiscal Analysis

The bill would amend the Health and Safety Code to decriminalize possession of one ounce or less of marihuana. Instead, possession of one ounce or less would make the possessor liable to the

State for a civil penalty not to exceed \$100.

Under the bill, the court would be authorized to waive the civil penalty if the person cited for possession either: (1) completes a substance abuse program; or (2) performs up to ten hours of community service as recommended by the court.

Because the bill does not specify where the money collected from the civil penalty goes other than to say that the possessor of the marihuana would be liable to the State for a civil penalty, in this analysis it is assumed 100 percent of the civil fee revenue would be directed to the state (General Revenue), rather than remain with the county.

By decriminalizing the cases described above, it is estimated that court cost revenue loss would be \$1,444,308 each fiscal year in All Funds, offset by a revenue gain in civil penalties of \$1,020,435 each fiscal year in General Revenue.

The bill would take effect September 1, 2015.

Methodology

Based upon historical records, the Office of Court Administration estimates that in fiscal year 2014 there were 31,398 convictions or orders of deferred adjudication in possession cases involving one ounce or less of marihuana, a Class B misdemeanor. Assuming a similar caseload in future years, the resulting loss in state revenue from the average court costs for a Class B misdemeanor are anticipated to be \$115 per case, or \$3,610,770 ($\$115 \times 31,398$), adjusted by a 40 percent collection rate for Class B misdemeanors ($0.40 \times \$3,610,770$), for a total of \$1,444,308 each fiscal year in forgone court-cost revenues. Court costs are deposited to numerous state accounts, including General Revenue (4 percent of \$115, or \$57,772 of \$1,444,308); various General Revenue-Dedicated Accounts (78 percent of \$115, or \$1,126,560 of \$1,444,308); and the Judicial Fund No. 573 (18 percent of \$115, or \$259,975 of \$1,444,308).

The table above summarizes the fiscal impact for various General Revenue-Dedicated accounts that would see a revenue loss which include, but are not limited to: the Fair Defense Account, the Criminal Justice Planning Fund, and the Emergency Radio Infrastructure Fund.

This court cost revenue loss would be offset by a maximum \$100 civil penalty assessed in those cases where a person was not instead directed to attend a substance abuse program or performance community service. Assuming 50 percent of the 31,398 expected cases are assessed the maximum civil penalty of \$100 would result in an annual revenue gain of \$3,139,800. However, for purposes of this analysis, it is assumed a judge might assess instead a \$50 civil penalty, which in 31,398 cases equates to \$1,569,000. Using a collection rate of 65 percent reduces expected revenue to \$1,020,435 ($0.65 \times \$1,569,000$).

Assuming 100 percent of civil filing fees are deposited to General Revenue, the bill would result in a net revenue gain to the General Revenue account of \$962,663 each fiscal year ($\$1,020,435 - \$57,772$), offset by revenue losses to other state accounts.

Local Government Impact

The bill would reduce possession of a certain amount of marihuana to a civil penalty. According to the Office of Court Administration (OCA), the bill would result in 46,102 new cases being handled by justice courts as civil cases instead of county-level courts as criminal cases. There will

also be a corresponding decrease in the workload of the county-level courts. OCA estimates the loss to counties from the loss of criminal court cost revenue to be \$2,097,386 annually. Additionally, OCA estimates the loss to counties from criminal fine revenue to be \$5,102,175 per year, assuming the average fine to be \$250 and a 65 percent collection rate. Since court appointed counsel must be provided for Class B misdemeanors but not civil cases, OCA anticipates there may be a positive fiscal impact to the counties due to a reduction in the costs of court appointed counsel.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 405
Department of Public Safety, 537 State Health Services, Department of

LBB Staff: UP, KJo, MW, TB, KVe