

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 25, 2015

TO: Honorable John Kuempel, Chair, House Committee on General Investigating & Ethics

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2222 by Murr (Relating to the creation of a public integrity unit to prosecute offenses against public administration, including ethics offenses, offenses involving insurance fraud, and offenses involving motor fuels tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2222, As Introduced: a negative impact of (\$1,535,648) 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	(\$774,633)
2017	(\$761,015)
2018	(\$761,015)
2019	(\$761,015)
2020	(\$761,015)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Insurance Maint Tax Fees</i> 8042	Change in Number of State Employees from FY 2015
2016	(\$348,585)	(\$426,048)	7.0
2017	(\$342,457)	(\$418,558)	7.0
2018	(\$342,457)	(\$418,558)	7.0
2019	(\$342,457)	(\$418,558)	7.0
2020	(\$342,457)	(\$418,558)	7.0

Fiscal Analysis

The bill would amend the Government Code and the Code of Criminal Procedure, creating a Texas Public Integrity Unit (TPIU) under the supervision of the presiding judges of the administrative

judicial regions. The TPIU would be responsible for prosecuting offenses against public administration and certain offenses involving insurance fraud and motor fuels tax.

The TPIU could prosecute a person in any district or county court by asserting the right to prosecute; the local prosecuting attorney would be prohibited from prosecuting the same person for the same act, but on request could assist with the prosecution.

The bill would establish the Public Integrity Unit Committee, consisting of the presiding judges of the administrative judicial regions, to supervise the TPIU and hire a TPIU director by March 1, 2016. Rights and duties of the TPIU director are defined, including the requirement to employ a sufficient number of prosecutors and other employees to conduct investigations and prosecutions. The bill would require state agencies and local law enforcement to cooperate with the unit. Venue for offenses involving insurance fraud of motor fuels tax would be in the county in which the offense was committed. The bill provides that a person employed by the TPIU would not be an employee of the committee, the judges, or any judicial district.

The bill would take effect January 1, 2016.

Methodology

In fiscal year 2013, the Public Integrity Unit of Travis County received 193 complaints, including but not limited to public corruption complaints (both offenses against public administration in Title 8, Penal Code and other alleged Penal Code violations by public officials or state employees, such as theft), tax fraud complaints of all categories (not only motor fuels tax fraud complaints), and insurance fraud complaints.

Under provisions of this bill, the TPIU would be responsible for investigating and prosecuting a subset of these cases: 1) offenses against public administration (Title 8, Penal Code), 2) insurance fraud, and 3) motor fuels tax fraud.

According to the Public Integrity Unit of Travis County, in fiscal year 2013, 8 complaints were alleged offenses against public administration, 22 were insurance fraud cases, and in this analysis it is assumed 10 were motor fuels tax fraud cases. This complaint caseload of 40 is assumed to be the number of complaints the new TPIU will receive each fiscal year. Some of these complaints would result in an indictment. Also, this analysis assumes the criminal investigations divisions of the Comptroller of Public Accounts and the Texas Department of Insurance both of which currently develop cases for local prosecution would also assist the new office.

Funding for the insurance cases (55 percent of the projected caseload) is reflected from the General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees. Funding for all other cases would be from General Revenue.

The staffing for the insurance cases includes Director paid at 80 percent of the pay of a district judge or professional prosecutor (\$112,000), two attorneys, one forensic accountant, one investigator, one legal assistant and one administrative assistant for a total of 7.0 FTEs. Salaries and wages are estimated to be \$542,000 each fiscal year, together with related benefits of \$175,500.

Operating costs are assumed to be 32,715 each fiscal year. One-time start up expenses for computer equipment are estimated to be \$13,618 in fiscal year 2017. Travel costs of \$10,800 include travel for the quarterly meetings of the Public Integrity Unit Committee.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304
Comptroller of Public Accounts, 356 Texas Ethics Commission, 454
Department of Insurance

LBB Staff: UP, FR, MW, TB