

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 8, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2165 by Simpson (Relating to repealing marihuana offenses.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2165, As Introduced: a positive impact of \$71,172,266 through the biennium ending August 31, 2017.

The Comptroller of Public Accounts indicates revenue collections from forfeited money and property sales related to violations of the Controlled Substances Act would likely be reduced to some degree, as well as criminal fines and court costs for marihuana offenses; however, the aggregate amounts cannot be estimated.

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	\$22,913,736
2017	\$48,258,530
2018	\$51,968,559
2019	\$53,311,591
2020	\$53,525,942

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2016	\$22,913,736
2017	\$48,258,530
2018	\$51,968,559
2019	\$53,311,591
2020	\$53,525,942

Fiscal Analysis

The bill would amend the Health and Safety Code to legalize the possession and delivery of marijuana and make conforming changes to various other codes. The bill takes effect on September 1, 2015 and applies to offenses committed on, before, or after the effective date, except that a final conviction that exists on the effective date is unaffected by the bill.

Methodology

In fiscal year 2014, there were 17,269 people placed on adult community supervision (felony and misdemeanor) and 1,327 people admitted to state correctional institutions for possession or distribution of marijuana. In fiscal year 2014, there were 5,502 people placed on juvenile probation supervision and fewer than ten persons admitted to juvenile state residential facilities for these offenses. Under the bill's provisions all of these individuals would no longer be served in the criminal or juvenile justice system. Savings for adult correctional agencies are estimated based on the state costs per day in state adult correctional institutions (\$54.89), adult parole supervision (\$4.04), and adult community supervision (\$1.63). Savings for juvenile correctional agencies are estimated based on the state costs per day for juvenile state residential facilities (\$437.11), juvenile parole supervision (\$31.93), and juvenile probation supervision (\$5.40). Savings for adult and juvenile correctional agencies for fiscal year 2016 are estimated to be \$22,913,736 during fiscal year 2016. This analysis assumes the bill's provisions would reach partial implementation in fiscal year 2016 and reach full implementation in fiscal years 2017 and beyond.

The Texas Commission Law Enforcement, the Texas Department of Insurance, the Texas Health and Human Services Commission, the Texas Board of Pardons and Paroles, and Texas Education Agency indicate they do not anticipate a significant fiscal impact. It is assumed the Department of Public Safety can implement the provisions of the bill within existing resources. The Comptroller of Public Accounts indicates there could be additional revenue loss from collections of forfeited money and property sales related to violations of the Controlled Substances Act, but those amounts cannot be estimated.

Local Government Impact

Decriminalization of marijuana offenses would result in reduced revenue generated by courts and juvenile probation departments. The Office of Court Administration (OCA) estimates the loss from court revenue to counties to be \$2,943,742 annually. Additionally, there would be loss of revenue from fines to counties. The maximum fine for Class A misdemeanors is \$4,000 and \$2,000 for Class B misdemeanors. However, courts typically assess fines lower than the maximum. Assuming an average fine of 250 and a 40 percent collection rate, there would be a fine revenue loss of \$4,406,800 to counties annually. According to OCA, the decriminalization of such cases would result in a reduced workload in local criminal courts and some reduction in expenses; however the fiscal impact cannot be determined at this time. Sheriff's departments may experience a positive fiscal impact due to a reduction in offenders in county Jails. According to the Texas Commission on Jail Standards, the average cost for an inmate in a county jail is \$60.01 per day. There would also be a positive fiscal impact to local adult community supervisions and correction departments resulting from a reduction in misdemeanor community supervision.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 407 Commission on Law Enforcement, 454 Department of Insurance, 529 Health and Human Services Commission, 644 Juvenile Justice Department, 696 Department of Criminal Justice, 697 Board of Pardons and Paroles, 701 Central Education Agency

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