A Comprehensive Plan for Selecting Qualified, Nonpartisan Texas Judges

By Hugh Rice Kelly, TLR Senior General Counsel

TLR has long advocated changing the way we select judges in Texas in order to remove partisanship and provide stability in our judiciary. Rep. Brooks Landgraf (R-Odessa) has introduced House Joint Resolution 148 and HB 4504, establishing a judicial selection process that some are calling “The Texas Four Step” plan for our judiciary. It contains unique safeguards for the appointment of qualified men and women as judges on a nonpartisan basis, while preserving the people’s right to vote to retain or remove judges, based on their performance. This plan calls for the governor to nominate a person to a judicial vacancy (Step One), for a nonpartisan citizens board to rate that nominee as “unqualified,” “qualified” or “highly qualified,” (Step Two), and for the Texas Senate to confirm the appointment by a two-thirds majority (Step Three). The appointment is for a term of 12 years, with a nonpartisan, up-or-down “retention” election in the fourth and eighth years of a judge’s term (Step Four).

The joint resolution provides for gubernatorial appointment of the judges to the Texas Supreme Court, Court of Criminal Appeals, courts of civil appeals and district courts in counties with a population determined by statute. Judges will be appointed when vacancies occur at the end of a judge’s term (including all judges currently sitting) or otherwise, such as in the case of death or resignation.

The Legislature is required to provide for the membership, terms and jurisdiction of one or more judicial appointment advisory boards to advise the Senate about an appointee’s qualifications to hold her appointed office. Members of this advisory board shall take the following oath: “I swear or affirm that I will perform my duties on this board without prejudice and without regard to partisan affiliation, and that my conclusions about the qualifications of a potential justice or judge will be based on the person’s academic credentials, substantive experience in the law, and reputation for competence, fairness, and integrity.”

The Judicial Appointments Advisory Board is an agency of the state composed of 11 members who are citizens of the U.S. and Texas and are at least 35 years old. The members will serve staggered six-year terms, with the terms of approximately one-third of the members expiring each year.

The board must: (1) review the academic credentials, substantive experience in the law, and reputation for competence, fairness and integrity of the persons appointed to the judiciary, (2) inform the Senate as to whether the appointee is “unqualified,” “qualified” or “highly qualified” to hold the office, and (3) advise the Senate in a timely manner, as prescribed in the statute.

We believe Rep. Landgraf’s suggestions deserve serious consideration and will be a platform for informed discussion about how we select judges in our state.
The Problem

Local governments must have discretion to hire outside attorneys when needed, and a contingent-fee arrangement may be appropriate in some cases. But the on-going recruitment of local governments by attorneys seeking contingent-fee arrangements is resulting in needless litigation that can be unfair to both taxpayers and defendants.

This litigation is happening across the state and across several different issues. The following are a few examples.

Construction Defect Lawsuits: A small group of lawyers in Texas solicit local governments (particularly school districts) for construction defect lawsuits against general contractors.

Texas has a 10-year statute of repose for construction defect cases, meaning there is a 10-year window during which a lawsuit can be filed. The law firms use their “experts” to evaluate the facilities. If any construction or design defects are found, the lawyers file a lawsuit to recover the cost of repairs, charging a percentage fee that is contingent on success in the lawsuit.

Unsurprisingly, the plaintiff lawyers’ experts always determine there are numerous significant defects that are harmful to the health and safety of people using the facilities and that will cost millions of dollars to repair. Typically, the general contractor has never been notified about any of the alleged defects, nor given the opportunity to repair legitimate problems.

The general contractor responds by adding every subcontractor who worked on the job as a third-party defendant, creating a massive lawsuit involving dozens of insured defendants. As such, the plaintiff law firm has created a large pot of money from which to extract a settlement that will be used to pay the costs of litigation and legal fees. Whatever remains of the recovery is paid to the local government. The result is that many contractors and subcontractors no longer bid on government construction work, and when they do bid, they build a “lawsuit premium” into the cost.

Environmental Lawsuits: Texas law allows both the state of Texas and local governments to enforce environmental laws and seek remediation of contaminated property. Any time environmental damage is found, the state or local government can obtain an injunction to prevent further pollution and can recover damages for past pollution, as well as penalties of up to $25,000 per day for the wrongful conduct that led to the pollution. Additionally, the Texas Commission on Environmental Quality (TCEQ) can work with the property owner to clean the site and prevent further pollution instead of seeking damages or penalties. This remediation does not waive either the state’s or local government’s right to seek penalties.

Some Texas attorneys file penalty-only lawsuits on behalf of local governments against property owners who have worked successfully with TCEQ to remediate a polluted site. The attorneys promise no-cost, contingent-fee litigation to the governmental entity. As a consequence, a property owner can fully cooperate with TCEQ and still face a lawyer-inspired lawsuit and substantial liability.

Opioids: When the opioid crisis came to the forefront, plaintiff attorneys began contacting virtually every county attorney in Texas, pitching “no risk” contingent-fee litigation that would put revenue in the coffers of the local governments. Many Texas counties signed on, apparently agreeing to varying contingent fee rates despite having similar lawsuits.

Governments are impacted by opioid addiction because Medicaid is often forced to pay for emergency services for people suffering the ill effects of an addiction. Medicaid funds belong to the state and federal government, so it makes sense for the state of Texas to pursue opioid litigation on behalf of itself and all political subdivisions, like it did in the tobacco lawsuits. Knowing the Texas attorney general was unlikely to sign contingent fee agreements with private attorneys to pursue this litigation, plaintiff lawyers elected to pursue local governments instead, arguing they are entitled to be reimbursed for things like police calls for opioid-related events. Plaintiff lawyers in Texas—working with plaintiff lawyers all over the country—are hoping to create a critical mass of litigation that will result in...
a multi-billion-dollar settlement (again, similar to the tobacco settlement), which they will share with the government entities they recruited as clients.

**The Solution**

Local government entities must have the freedom to contract with outside attorneys, but that process cannot remain entirely unchecked as it is today. When the state of Texas contracts with an outside attorney on a contingent-fee basis, it must follow statutory procedures in the contracting process. Those procedures and contract terms help ensure the state keeps more of the legal awards it is entitled to and safeguards against unscrupulous lawyers taking advantage of government legal contracts to file meritless lawsuits, extort settlements and receive high fees. Those safeguards should apply to local government entities as well. **Senate Bill 28** and **House Bill 2826** are TLR priorities, and address this issue by doing the following:

- Require local governments to hire the most qualified attorneys, as they are required to do with architects and engineers.
- Require local governments to inform the public of the reason for retaining contingent-fee lawyers.
- Governing body must, before an open meeting, publish information about hiring the contingent-fee lawyer, including justifying the need for the lawyer.
- At an open meeting, the governing body must make certain findings and disclose the nature of any pre-existing relationship between the lawyer and the governing body and its members.
- The state cannot agree to pay a percentage contingent fee to outside attorneys. Instead, it can agree to an hourly-based contingent fee. Local government contingent-fee contracts must comply with provisions applicable to the state of Texas (Government Code Chapter 2254), including that fees must be calculated using the Lodestar method.
- The contract must be sent to the attorney general (not comptroller) for review.
- Attorney general may refuse to approve a contract if the local government did not comply with the contracting requirements or if the contract usurps the attorney general’s right to represent the state.
- A contract is void if entered into without complying with these requirements.

**Additional Bills TLR is Supporting**

By Mary Tipps, TLR Executive Director

In addition to working on its own agenda items, TLR will engage with legislators and allies to pass a number of other important bills this session.

**Judicial Compensation.** Ensuring Texas has a qualified and independent judiciary is critical to our continued economic vitality. In order to attract good judicial candidates and retain experienced judges, we must compensate our judges adequately. Texas judges have received only two pay increases in the past 18 years. The salaries paid to the members of the state’s two highest courts rank 29th in the nation. Our district court judges are 31st in compensation among the 50 states. Three bills have been filed this session—**SB 387** (Huffman), **HB 847** and **1222** (Wray)—to increase the compensation of Texas judges.

**Construction Lawsuits.** As discussed in the previous article, one of the biggest abuses of the civil justice system today is driven by lawyers who recruit governmental entities (often school districts) to sue general contractors for alleged construction defects. Texas has a 10-year period during which a lawsuit alleging defective construction can be filed. Often, these lawsuits are filed late in the 10-year period and without notice to the general contractor.

General contractors groups, supported by engineers and architects, are pursuing multiple solutions to this litigation abuse. **HB 1999** (Leach) requires notice to the contractor and the opportunity to cure the alleged defects before a lawsuit can be filed, while **HB 728** and **1734** (Holland) require school districts to spend any money received in one of these lawsuits to make the repairs they have alleged to be needed, and allows enforcement by the attorney general.

**Auto Recalls.** Airbags manufactured by Takata have been installed in millions of cars sold in the U.S. If the airbag’s inflator ruptures in a crash, metal shards can be sprayed throughout the passenger cabin, causing serious injuries. Cars with Takata airbags have been recalled by the National Highway Transportation Safety Administration.

Unfortunately, many owners of cars equipped with Takata airbags have not returned their vehicles to dealerships for repairs. **SB 711** (Hinojosa) allows the Texas
Department of Motor Vehicles to adopt rules providing that the report provided during a vehicle’s annual safety inspection will state any open recalls on the vehicle—whether it is based on a potentially defective airbag or some other defect. This common-sense legislation could prevent catastrophic injuries and the lawsuits that follow.  

**Apartment Late Fees.** Texas law currently provides that an apartment owner may not charge a late fee unless it is a reasonable estimate of uncertain damages to the landlord that result from late payment of rent. A landlord who violates this law is liable to the tenant for $100 plus three times the amount of the late fee charged in violation of the law, and is required to pay the tenant’s attorney’s fees.

Because the current law is vague, multiple class action lawsuits have been filed against Texas apartment owners seeking recovery of these statutory damages and attorney’s fees based on the allegation that unreasonable late fees were charged. **HB 1519 (Phelan)** seeks to clarify the law so both landlords and tenants know with greater certainty whether a late fee is considered reasonable under Texas law.

**Roofing Contractor Regulation.** TLR spent much of the 2015 and 2017 legislative sessions working to end abusive lawsuits following weather-related events. Some of the lawsuits were driven by roofers, who solicit business for themselves and storm-chasing lawyers following natural disasters. In addition to helping storm-chasing lawyers, a number of these roofers are fly-by-night operators who take Texans’ money but never provide services. **HB 2101, 2102 and 2103 (Capriglione)** will protect Texans from unscrupulous roofing contractors. **HB 2101** provides for the licensing and regulation of roofing contractors. **HB 2102** expands and clarifies Texas’ current prohibition on roofing contractors offering to pay a property owner’s insurance deductible. **HB 2103** amends an existing law to make clear that contractors of any kind (not just roofing contractors) cannot act as a public adjuster.

**Recovering Attorney’s Fees.** Texas law has long provided for recovery of attorney’s fees in a short list of cases that includes lawsuits to recover rendered services, for performed labor and on oral contracts. The current statute allows recovery of fees from “an individual or corporation.” Courts have interpreted this phrase to mean fees cannot be recovered from a limited liability company, limited partnership or other similar entities that are neither individuals nor corporations. Three bills introduced this session seek to cure this anomaly—**SB 471 (Hughes), HB 370 (Cain)** and **HB 790 (S. Davis)**. The statute is also one way, meaning a defendant who loses is forced to pay the plaintiff’s attorney’s fees, but a defendant who wins cannot recover her attorney’s fees from the plaintiff. **HB 2437 (Murr)** makes the statute reciprocal.

**Immunity for Volunteer Healthcare Providers.** **SB 752 (Huffman) and HB 1353 (Oliverson)** provide that a volunteer healthcare provider is immune from civil liability for an act or omission that occurs in giving care, assistance or advice in relation to an incident that is a man-made or natural disaster, unless the healthcare provider acts recklessly or engages in intentional, willful or wanton misconduct.

**Court Clerk Immunity.** For more than a decade, the Texas Supreme Court has supervised the transition from paper filings in court cases to electronic filings. The next step is to provide public access via the internet to electronic court records. County and district clerks in Texas are the official custodians of these records. **HB 685 (Clardy)** provides liability protection to clerks if confidential information is inadvertently disclosed to the public through electronic access to the court records system.

**Court Fees.** The filing fees charged by civil courts in Texas vary from county to county due to the ad hoc nature of the legislative process and local needs. **SB 39 (Zaffirini)** will standardize civil filing fees in Texas, a long-overdue reform.

**Protection of a Judge’s Information.** Ensuring the safety of Texas judges remains a focus of the Texas Legislature. **SB 489 (Zaffirini)** provides that the home address of a judge or judge’s spouse will be removed from reports provided to the public by the Texas Ethics Commission.

**Judicial Qualifications.** Today, a person can serve on any of Texas’ appellate courts after practicing law for 10 years and can serve on a district court after practicing law for only four years. **SJR 35 (Zaffirini)** moves the years-of-practice requirement from 10 to 12 for appellate court judges and from four to eight for district judges.
In February, Texas Supreme Court Chief Justice Nathan L. Hecht delivered an outstanding State of the Judiciary address to the governor, lieutenant governor, members of the Legislature and invited guests. The chief justice’s speech, which is delivered every other year during the legislative session, addressed several areas of accomplishment for the Texas judiciary, several areas where challenges remain and several goals for the next biennium.

Chief Justice Hecht’s remarks were compelling, telling the story of dedicated public servants who went above and beyond the call of duty during Hurricane Harvey to serve their courts and their communities. He also discussed at length the future of the Texas judiciary, the need to ensure Texas can attract the best and brightest jurists by providing competitive compensation, and the need to reform Texas’ system of judicial selection.

TLR has long supported the Texas Supreme Court’s efforts to make civil litigation more efficient, less expensive and more accessible to all Texans, including initiatives to modernize and rationalize our court system. TLR fully supports the chief justice’s recommendations for judicial pay and qualifications. We are also committed to working with interested parties to find a bipartisan approach to selecting judges that assures a consistently competent and impartial judiciary in Texas.

The following are a few excerpts from Chief Justice Hecht’s 2019 State of the Judiciary speech. The full remarks can be read or watched on the Texas Supreme Court’s website.

Judicial Selection

Of the 80 intermediate appellate justices, 28—35 percent—are new. A third of the 254 constitutional county judges are new. A fourth of trial judges—district, county and justices of the peace—are new. In all, I am told, 443 Texas judges are new to their jobs. On the appellate and district courts alone, the Texas judiciary in the last election lost seven centuries of judicial experience at a single stroke.

No method of judicial selection is perfect. Federal judicial confirmation hearings are regarded as a national disgrace by senators themselves. States have tried every imaginable alternative. Still, partisan election is among the very worst methods of judicial selection. Voters understandably want accountability, and they should have it, but knowing almost nothing about judicial candidates, they end up throwing out very good judges who happen to be on the wrong side of races higher on the ballot. Merit selection followed by nonpartisan retention elections would be better. At a minimum, judicial qualifications should be raised, as the Judicial Council recommends. I urge you: at least, pass Senate Bill 561 and Joint Resolution 35.

Partisan sweeps—they have gone both ways over the years, and whichever way they went, I protested—partisan sweeps are demoralizing to judges, disruptive to the legal system and degrading to the administration of justice. Even worse, when partisan politics is the driving force, and the political climate is as harsh as ours has become, judicial elections make judges more political, and judicial independence is the casualty. Make no mistake: a judicial selection system that continues to sow the political wind will reap the whirlwind.

Judicial Compensation

Judicial service—public service—is just that: service. Judges know that going in. It involves personal sacrifice. But public service should not be public servitude... Adjusting for inflation, Texas judges are paid less than they were in 1991, 28 years ago. Experienced judges are just not encouraged to stay.

The Judicial Compensation Commission has recommended that judicial pay be increased 15 percent. House Bill 1 includes a 10 percent increase, which would be very helpful. But Sen. Joan Huffman’s Senate Bill 387 proposes a different approach that encourages retention of judges. Its essential feature is that judges’ compensation will increase every four years they serve, up to 12 years—basically two terms for appellate judges and three for trial judges. The plan thus rewards experience and recognizes the
value of continued service. Like most private-sector employees, judges who work hard and do well would make more over time. And raising beginning salaries remains an option. Senate Bill 387 is the best solution I have seen to the problems associated with increasing judicial compensation.

**Access to Justice**

The Supreme Court and the legal profession are deeply committed to ensuring access to justice… but 5.5 million of our poorest Texans qualify for legal aid. For a decade now, the Legislature has provided critical funding for basic civil legal services. Last year, providers helped 150,000 families, and every year lawyers donate millions of dollars plus two million hours in free legal services. Yet with all that effort, estimates are that only 10 percent of the need is met.

The Texas Legal Aid for Survivors of Sexual Assault legal aid program—LASSA—is financed by the Legislature’s dedicated Sexual Assault Program Fund. In two years, it cleared some 11,000 cases. I urge you to restore last session’s four percent across the board cut of that funding.

Last session, the legislature continued funding civil legal services for veterans, appropriating $3 million. Nearly 800 veterans’ clinics served some 15,000 veterans in a little over two years. The person most responsible for that funding is Lt. Gov. Dan Patrick. Gov. Patrick, on behalf of 15,000 Texas veterans, thank you. Both the House and Senate budget bills continue the $3 million appropriation, but Gov. Abbott’s Front of the Line Veterans Policy calls for an additional $3 million. I urge you: respond to that call.

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**Modernizing the Judiciary Using Technology  
—Data Collection**

The judiciary’s single most important need is better technology. Texas has 3,210 judges—more than any other state—plus associate judges and senior judges. They are very busy. Though Supreme Court filings are increasing, the court still decides all argued cases by the end of June each year. The Court of Criminal Appeals is the busiest appellate court in the nation. In the 2018 fiscal year district judges resolved, on average, roughly 1,900 cases per judge; statutory county judges nearly 2,100 per judge; justices of the peace over 2,800 cases per judge; and municipal judges over 3,600 cases per judge. In all, Texas judges handled 8.6 million cases last year. To put that figure in perspective, it’s 23 times the number of cases handled by all the federal courts in the country.

Sprawling across 254 counties, some bigger than states, a few very urban, most very rural, Texas courts desperately need better data on cases and dockets to operate efficiently and plan for the future. Case types shift over time. Civil cases are increasing—11 percent in justice of the peace courts. Debt claims are up 141 percent over five years. Motor vehicle accident cases are up 44 percent. Family cases four percent. Felony cases have remained steady, but misdemeanors have fallen to the lowest level since 1993. Forty percent of new criminal cases involve drugs or alcohol.

Knowing how courts are operating requires better case management systems in all 254 counties… I urge you to fully fund the Office of Court Administration’s technology requests for the judiciary.

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**Analyzing the Texas Citizens’ Participation Act**

The TLR Foundation recently published *The Texas Anti-SLAPP Statute: An Effective Statute, But is it Too Broad?* It analyzes the Texas Citizens’ Participation Act (TCPA), a 2011 law that protects the free speech rights of citizens.

The TCPA was passed to prevent powerful interests from filing lawsuits against people who were exercising speech and association to impact public policy. The TCPA provides a way to end those lawsuits early and shift legal costs to the persons trying to suppress constitutional rights.

Despite the Legislature’s intent, the TCPA is unexpectedly being used to end lawsuits that have nothing to do with safeguarding basic constitutional rights, including blackmail and theft of trade secrets.

The TLR Foundation paper initiates a discussion about whether, given its use, the statute should be amended to focus its provisions on its intended purpose. Visit [www.tlrfoundation.com](http://www.tlrfoundation.com) to read the paper.
Forum Considerations Should Lead Companies to Texas

By Richard J. Trabulsi Jr., TLR Chairman

TLR has worked for more than 25 years to help the Texas Legislature craft balanced, common-sense laws governing civil litigation. These efforts have helped Texas create an economy that allows innovation, growth and success.

The Texas Economic Miracle, fueled in part by our fair and predictable civil justice system, is the envy of the nation. Texas created thousands of jobs during the Great Recession, while job creation in other states was stagnant or nonexistent. Each year, more corporations decide to relocate to our state, helping Texas maintain one of the lowest unemployment rates in the nation.

A recent decision from the U.S. Supreme Court makes it even more important for Texas to maintain its leadership role on civil justice issues.

To hear and decide a case, a court must have jurisdiction over the parties to the case. While a plaintiff who files a lawsuit in a particular court has submitted to that court’s jurisdiction, a defendant has not submitted to a court’s jurisdiction merely by being sued in that court. The fact that a defendant is not automatically subject to a court’s jurisdiction is particularly important in multi-state litigation.

Over the years, the U.S. Supreme Court created intricate rules for determining whether a defendant can be dragged into court in a state in which it is not incorporated. The court has held that a defendant can be forced to fight a lawsuit outside its home state only when it does not offend “traditional notions of fair play and substantial justice.” In other words, a company that is incorporated under Delaware law and headquartered in California can be sued in Texas only if it would be fair and just to that company to force it to litigate in Texas.

Under the U.S. Supreme Court’s opinions, it is considered fair to sue a defendant in a state where the defendant is neither incorporated nor headquartered if the defendant was present and caused an injury in that state. For example, if a person employed by a Delaware corporation is driving a company truck through Texas, runs a traffic light and injures someone, the company can be forced to come to Texas to defend a lawsuit against the truck driver. In that circumstance, the Texas court is exercising case-specific jurisdiction.

There is also a form of personal jurisdiction that is not related to a specific event, but instead, is related to a company’s regular engagement in the state in which the lawsuit is filed.

For example, a person who had an adverse reaction to a medication might wish to sue the manufacturer in his home state, even though the manufacturer was not incorporated and did not have employees working in that state. The injured person would allege that the drug manufacturer derived profits from selling products in the injured person’s home state, and so it was fair to sue the manufacturer there.

Under this view of jurisdiction, a national company can be forced to litigate in any state where it conducts business or sells products. Class action litigation against national corporations is often filed in friendly forums based on this “all-purpose” personal jurisdiction.

In 2017, in BNSF Railway Co. v. Tyrrell, the U.S. Supreme Court made clear, however, that if a defendant is neither incorporated nor has its principal place of business in a state in which it is sued, all-purpose personal jurisdiction is available only in exceptional cases. For this to apply, the defendant must have contacts with the forum state that are “so substantial and of such a nature” that the defendant is effectively “at home” in that state.

Texas reined in class action litigation in 2003, effectively preventing the abusive coupon settlements in which the lawyers get rich and the class members get coupons to buy the defendant’s product. Many other states have refused to follow Texas’ lead. Consequently, the other states continue to provide a friendly forum for abusive nationwide class actions, while Texas does not.

Under the BNSF decision, a corporation selling products throughout the country should seriously consider moving its headquarters to Texas and reincorporating under Texas law. A corporation that elects to headquarter and incorporate in Texas will obtain the benefit of Texas’ class action rules and all other aspects of Texas’ stable litigation environment—an environment that was built through hard work and perseverance over the past 25 years.
2019 is a big year for TLR. Not only does it find us busy with the legislative session, but it also marks the 25th anniversary of our founding. As we've been hard at work planning ways to mark that occasion (stay tuned for more), we couldn't pass up the opportunity to carry out our first celebratory event—a reception and dinner honoring TLR Executive Director Mary Tipps, who has been an essential leader and teammate for 16 years. The reception brought together lawmakers, Capitol staff, industry and association leaders, and family and friends to celebrate Mary’s work on behalf of TLR. In recognizing Mary, TLR Chairman Dick Trabulsi said:

“Mary started with TLR 16 years ago in our epic session of 2003, when we passed HB 4, the most comprehensive tort reform ever passed by an American legislature. She was an hourly employee then, but immediately added value to everything we did, and do. She rose through the ranks to be not only our executive director but an indispensable teammate.

“Mary is authentic—there is no pose or pretense in her. She is always herself—kind, empathetic, caring. Not only is Mary peaceful and unruffled, she is invariably serene, even at the height of the legislative session or in the heat of campaign season. In seas of tumult and tension, she is our safe harbor of calm and perspective. Her good humor and unbridled positive attitude certainly keep me going when I am tired or discouraged. I will sum up how I think of Mary by quoting John Steinbeck, ‘Laughter lived on her doorstep.’ When I think of Mary, I smile.”

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