

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 3, 2003

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB211 by Brown, Fred (Relating to the purchase of insurance by certain municipalities through competitive bidding and proposal procedures.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 252.021, Local Government Code, to change population brackets to no longer require municipalities with a population of between 25,000 and 75,000 to use competitive sealed bidding when entering into a contract for insurance that requires an expenditure of more than \$5,000 from one or more municipal funds (the requirement would instead only apply to municipalities with a population of less than 25,000). In addition, the bill would change population brackets to allow municipalities with a population of between 25,000 and 75,000 the option of purchasing insurance using the competitive sealed bidding procedure, whereas under current statute, only municipalities with a population of 75,000 or more may exercise this option. The bill would take effect immediately if approved by a vote of two-thirds of all members of both houses; otherwise, it would take effect September 1, 2003.

Local Government Impact

There are 65 municipalities in Texas that have a population between 25,000 and 75,000, 55 of which were contacted regarding the estimated fiscal impact of the bill. Nine municipalities with a population of less than 25,000, two with a population between 25,000 and 75,000, and one with a population of over 75,000 responded to the inquiry. In municipalities with a population of less than 25,000 or greater than 75,000, there would be no fiscal impact because the changes in statute would not change the requirements that currently pertain to them. Two cities with a population under 25,000, however, indicated that the bidding requirement would result in a somewhat significant cost that does not produce any savings in insurance expenses (the two cities did not provide actual figures).

The fiscal impact would vary by affected municipality, but generally the estimated impact is not expected to be significant for most affected municipalities.

Source Agencies: 304 Comptroller of Public Accounts

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