

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

February 18, 2003

TO: Honorable Glenn Lewis, Chair, House Committee on County Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB463 by Gallego (Relating to the terms of an employment contract of a political subdivision.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code restricting the length of an employment contract executed by a political subdivision to no more than the term of office for members of the subdivision's governing body. The bill also would limit any payments to a terminated employee to an amount not to exceed half the amount of the salary for the time remaining on that employee's contract.

The bill would take effect September 1, 2003 and would apply only to a contract for employment with a political subdivision that is entered into on or after that date.

Local Government Impact

Associations representing a variety of political subdivisions were contacted regarding an estimated potential fiscal impact from the provisions of the bill. Three of the state's five largest counties responded through their association that any fiscal impact would be insignificant. The Texas State Affordable Housing Corporation indicated that there would be no fiscal impact to housing authorities. The Texas Municipal League pointed out that some cities are prohibited from entering into contracts and those offering contracts have them in varying amounts. Travis County also pointed out that the county has very few employee contracts.

All groups that responded stated that the fiscal impact to political subdivisions would vary among each, and the impact would depend upon whether a severance package is offered to their employees and how many, if any, contracts are established. Regardless, it is estimated that there would be little, if any fiscal impact to local government.

Source Agencies: 304 Comptroller Of Public Accounts, 781 Higher Education Coordinating Board

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