

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 13, 2005

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2039 by Nixon (Relating to the adjudication of claims arising under written contracts with local governmental entities.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would require that a local governmental entity as defined by the bill would waive sovereign immunity to suit for the purpose of adjudicating a claim arising under a contract the entity has entered into for goods or services. The bill would provide certain limitations on adjudication awards. The bill would take effect September 1, 2005, and would apply only to a claim arising under a contract executed on or after that date.

Local Government Impact

If a contract is adjudicated through alternative dispute resolution proceedings, in court or in an arbitration proceeding, the local governmental entity would incur, at a minimum, legal expenses for defending itself. If adjudication of the contract results in the local governmental entity paying damages within the limits of the proposed statute, the entity would incur additional costs. Those costs would vary depending on the terms and costs of the contract.

Source Agencies:

LBB Staff: JOB, SR, JB, DLBa