

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 29, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

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

IN RE: **HB2377** by Swinford (Relating to the use of private firms by the Texas Building and Procurement Commission in leasing space for state agencies.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would allow the Texas Building and Procurement Commission (TBPC) to establish a system of charges and billings to state agencies. This would be done to recover the costs of contracting with a private brokerage or real estate firm to assist TBPC in obtaining some or all lease space for state agencies. This function is currently performed in-house by TBPC.

As noted in a May 11, 2004, internal audit report from TBPC, the cost associated with providing leasing functions for the entire state by the previous private leasing firm was approximately \$954,747 for one year. The cost was paid by private landlords leasing space to state agencies. This analysis assumes that TBPC would contract some leasing services and would then pass those costs on to state agencies. State agencies impacted by this provision would utilize existing agency appropriations out of various methods of finance to provide payments to TBPC for services under the contract.

Agencies have not historically requested funding for this function because TBPC has provided this service either in-house or by contract with a vendor that receives commissions from private landlords engaging in leasing services with the state and therefore providing no cost to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission

LBB Staff: JOB, DLBa, SR, MS, JM