

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 28, 2007

TO: Honorable Bill Callegari, Chair, House Committee on Government Reform

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

IN RE: HB1886 by Callegari (Relating to the procurement methods of certain political subdivisions and certain other entities for the construction, rehabilitation, alteration, or repair of certain projects.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend sections of Chapter 271, Local Government Code, to expand the definition of "governmental entity" to include a hospital district; a water district or authority created under Section 59, Article XVI, Texas Constitution; and a conservation and reclamation district for the purposes of purchasing and contracting authority.

The bill would add Subchapter J to Chapter 271, Local Government Code, to authorize a municipality; county; water district or authority created under Section 59, Article XVI, Texas Constitution; river authority; other special district or authority; or a defense base development authority to utilize design-build procedures for certain civil works projects. Authorization under the subchapter would not apply to a municipally owned water or wastewater system with a governing board appointed by the governing body of a municipality with a population of 1.2 million or more.

The bill would apply to different population-sized entities, starting with the largest prior to September 1, 2009 and eventually applying to all applicable local governmental entities on or after September 1, 2013. Procedures and other requirements for using this method of procurement are included in the proposed statute. The local government entity would assume all risks and costs associated with scope changes and modifications; unknown or differing site conditions; regulatory permitting; and natural disasters and other force majeure events, and costs associated with property acquisition.

Provisions of the bill would apply only to a contract for which a request for proposals or a request for qualification is first published or distributed on or after the effective date of the bill. The bill would take effect September 1, 2007, but only if House Bill 447, Eightieth Legislature, Regular Session, 2007, is passed into law.

Local Government Impact

Expanding the definition of governmental entities would provide those entities added to the definition more flexibility in methods of purchasing. The fiscal impact would vary based on purchases made.

Based on responses from various sized local government entities and the Texas Association of Counties regarding the addition of Subchapter J, no significant fiscal impact is anticipated for those local government entities to whom the provisions of the bill would apply in the first five years after the effective date, and there would be no fiscal impact in that initial five-year period to the entities to whom the provisions would not apply until on or after September 1, 2013.

Source Agencies:

LBB Staff: JOB, MN, DB