

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 21, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB987** by Creighton (Relating to competitive procurement requirements for local governments.), **As Passed 2nd House**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would authorize school districts to receive competitive procurement bids or proposals electronically if the school board adopts security-related rules.

The bill would make various changes in requirements and procedures associated with the use of competitive procurement methods and contracts that local government entities follow. As part of those changes as they apply to a school district, certain portions of the Education Code would be repealed.

The bill would authorize the award of reasonable and necessary attorney's fees that are equitable and just to be included in an award in an adjudication brought against a local government entity for breach of a contract subject to Subchapter I of Chapter 271, Local Government Code. This change in statute would apply only to a claim that arises under a contract executed on or after the effective date of the bill.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

**Local Government Impact**

It is anticipated that a school district would establish rules and implement the related security measures for accepting electronic bids and proposals only if associated costs of implementation could be absorbed within existing resources.

The proposed changes in procedures and requirements for procurement methods and contracts applicable to local government entities would provide additional flexibility in how those entities make certain purchases, which is anticipated to provide a savings that would vary by entity based on the number of applicable purchases. Potential revenue losses that would be associated with attorney's fees would vary depending on the number of breach of contract suits an entity may experience and lose.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, SD, DB, JSp, TP, KJG