

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 11, 2009

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB2726 by Eissler (Relating to regional participation agreements.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 43.0754, Local Government Code to expand the definition of an eligible municipality relating to a regional participation agreement and to make adjustments to the list of what may be provided within a participation agreement.

The bill would specify under Section 43.0754, Local Government Code, that for purposes of Subchapter I, Chapter 271, Local Government Code (Adjudication of Claims Arising under Written Contracts with Local Government Entities), a district or eligible municipality is a political subdivision, except a county or unit of state government, and a regional participation agreement is a written contract stating essential terms of an agreement.

Local Government Impact

Subchapter I, Chapter 271, Local Government Code, states that a local governmental entity that is authorized by statute or the constitution to enter into a contract and that enters into a contract subject to this subchapter waives sovereign immunity to suit for the purpose of adjudicating a claim for breach of the contract. Applying Subchapter I of Chapter 271 to Chapter 43 of the Local Government Code would result in an eligible municipality that is party to a regional participation agreement waiving sovereign immunity as described in Chapter 271.

The fiscal impact would depend on the number of suits that may arise and the outcome of a suit.

Source Agencies:

LBB Staff: JOB, SZ, DB