

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

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

**April 20, 2009**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

**IN RE: SB2450** by Ellis (Relating to the sovereign immunity of certain local governmental entities regarding certain contracts.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Local Government Code regarding sovereign immunity for certain local governmental entities regarding certain contracts. The bill would amend the Transportation Code to specify certain contracts are a proprietary function and not a public or governmental function.

The proposed changes to statute regarding a contract executed by a local governmental entity would apply regardless of whether the contract was executed before, on, or after the effective date of the bill.

The proposed waiver of sovereign immunity created by the provisions of the bill would concede no defense by any party in a pending lawsuit except that of sovereign immunity.

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**

The proposed waiver of sovereign immunity would apply to adjudication of claims arising under written contracts with local governmental entities in a municipality on the Gulf of Mexico and that has a population of more than 5,000.

Costs associated with each adjudication of a claim would depend on the complexity of the case and the finding by the court. Overall costs would depend on the number of such claims brought against an entity.

**Source Agencies:**

**LBB Staff:** JOB, CL, DB