

LEGISLATIVE BUDGET BOARD

Austin, Texas

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Revision 1

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

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

IN RE: HB611 by Murphy (Relating to the provision of certain professional services by certain governmental entities.), **Committee Report 1st House, Substituted**

There is an indeterminate fiscal impact to the state to implement the provisions of this bill.

House Bill 611 would limit state agencies and local governments from providing commercially available professional services related to the improvement of real property not owned or leased by the entity. Commercially available professional services are defined as: (1) the practice of engineering; (2) the practice of architecture; (3) construction services; (4) construction management services; and (5) environmental document preparation services.

The bill's provisions do not apply to: (1) construction services in an amount less than \$25,000; (2) contract or project management services; (3) water quality technical services provided by a river authority; (4) activities to ensure federal funds compliance; (5) incidental sampling or testing provided regularly; and (6) actions taken by governmental entities in response to a public calamity or emergency that is required to preserve life, health, safety, welfare, or property.

Several state agencies have statutory or legislative mandates to provide the types of services defined in HB 611 to other state agencies or units of local government for property not owned or leased by the agency providing the service. Two examples of this are the Texas Facilities Commission (TFC) and the Texas Department of Transportation (TXDOT).

TFC is responsible for providing building design and construction services for a portfolio of state agency real property, including properties that TFC neither owns nor leases. The provisions of HB 611 conflict with existing statutory provisions governing the construction and maintenance of state facilities. TFC reports it realizes efficiencies and cost savings for the state through the centralized coordination and management of state construction and maintenance projects, including activities performed by inspectors and drafting technicians. The agency also reports its related fee structures are benchmarked below industry averages. The total fiscal impact from the provisions of the bill in fiscal years 2012 and 2013 cannot be determined because savings and costs realized will vary from project to project and the level of construction and maintenance activities to be pursued is unknown.

TXDOT provides professional engineering and construction services to local governments for projects related to county roads, city streets, metropolitan highways, and park roads; however TXDOT neither owns nor leases the land on which these facilities are located. From fiscal year 2006 through 2009, TXDOT provided \$95.9 million in services to local and parks entities. TXDOT reports that under HB 611 these services will be required to be outsourced by local entities at an undetermined cost.

The bill would apply to services performed under a contract entered into on or after the effective date. The bill would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 303 Facilities Commission, 320 Texas Workforce Commission, 405 Department of Public Safety, 529 Health and Human Services Commission, 601 Department of Transportation, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

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