

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 29, 2011**

**TO:** Honorable Byron Cook, Chair, House Committee on State Affairs

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

**IN RE: HB1851** by Reynolds (Relating to historically underutilized businesses and the preference given for goods and services purchased by state agencies; providing penalties.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Government Code related to state purchasing and historically underutilized businesses (HUBs). The bill would authorize the Comptroller and state agencies, when determining the best value for the state for goods or services, to consider whether a business is a HUB. The bill would revise standards for giving preference to items produced or grown in Texas or offered by Texas vendors. The bill would include veterans with a service-connected disability in the definition of an "economically disadvantaged person". The bill would authorize state agencies to use the HUB directory to create mailing list for soliciting bids from HUBs. The bill would create a definition of a "joint venture" to include an association between two or more businesses in which at least one party is considered a HUB that is established to carry on a single business activity. The bill would require the Comptroller to determine when a state agency is required to make good faith effort to award a contract to a joint venture. The bill would require the Comptroller to review and approve joint venture agreements and review and mediate disputes arising from joint venture agreements. The bill would amend subcontracting provisions for receiving bids from HUBs. The bill would add attorney services to the definition of professional services.

The Comptroller anticipates costs associated with an increase in HUB certification workload and review and mediation of joint venture agreements. It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

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