

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**May 28, 2011**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB2770** by Smith, Wayne (Relating to the powers and duties of navigation districts, port authorities, and certain municipalities.), **Conference Committee Report**

**No significant fiscal implication to the State is anticipated.**

The bill would amend sections of the Government Code, the Local Government Code and Water Code relating to the powers and duties of navigation districts, port authorities, and certain municipalities.

A navigation district, port authority or board of trustees under Chapter 54 of the Transportation Code would be authorized to conduct a closed meeting to consider proposed changes to facilities or services, or a bid, proposal or contract for goods or services under negotiation, if the release of information would have a detrimental effect on the position of the entity.

The bill would amend the Local Government Code to include wharves, docks, navigation channels, and dredge material placement areas to the definition of civil works projects; and board of trustees under Chapter 54 of the Transportation Code to the definition of local governmental entity enabling a board to be considered as a local governmental entity in certain circumstances as defined by the provisions of the bill.

The bill would amend the Water Code to change the powers and duties of a navigation district and certain municipalities. Any navigation district could engage in certain activities, including constructing improvements and leasing oil, gas and minerals. The bill would modify the procedures for the sale of land and the ability to lease, including the ability to contract with a broker to sell a tract of land.

A navigation district would be authorized to enter into a contract with a public facility corporation for the purpose of improvements and to make payments under a contract through the sale of bonds or notes, taxes or any other income.

A district could accept gifts, grants and donations, and would be required to adopt payment procedures consistent with Section 105.074(g) of the Local Government Code.

The bill would provide that Section 60.4035(a) of the Water Code, as amended by Chapters 415 and 1191, Acts of the 81st Legislature, Regular Session, 2009, is reenacted regarding competitive bidding requirements and proposal procedures of this subchapter and Subchapter O and other requirements for emergency purchases or contracts as defined by the provisions of the bill.

The bill would require a district to hold an electronic copy or photocopy of a purchase and would grant authority to establish an electronic requisition system to perform such functions. The bill would authorize a navigation district to establish an employee charitable contribution campaign and would provide specific guidelines and procedures for the campaign.

The bill would amend Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, by adding Section 9 to provide that the Port of Houston Authority is subject to review under Chapter 325,

Government Code (Texas Sunset Act), as if it were a state agency but may not be abolished. The review would be required to be conducted as if the authority were to be abolished September 1, 2013. The authority would be required to promptly pay the costs incurred and determined by the Sunset Advisory Commission (SAC) for the review. This section expires September 1, 2013.

The bill would repeal Section 60.465 of the Water Code to remove the expiration date of September 1, 2013, regarding purchase contracts.

According to the Sunset Advisory Commission, the costs for a review would be an estimated \$204,709 in fiscal year (FY) 2012 and \$74,316 in FY 2013. The costs would include salaries for three additional full-time employees (\$189,459), including benefits (\$41,282) in FY 2012; salary for one additional full-time employee (\$74,316), including benefits (\$16,193) in FY 2013; and travel expenses (\$15,000), and report production costs (\$250) in FY 2012. All costs incurred by SAC would be reimbursed by the Port of Houston Authority.

### **Local Government Impact**

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

There would be costs to the Port of Houston Authority for the required reviews conducted in 2013 and 2019 by the Sunset Advisory Commission. According to the SAC, the costs for a review would be an estimated total of \$204,709 in FY 2012 and \$74,316 in FY 2013. The Port of Houston Authority reported the overall operating budget is \$200.8 million.

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

**LBB Staff:** JOB, KJG, TP