

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 24, 2015

TO: Honorable Gary Elkins, Chair, House Committee on Government Transparency & Operation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1426 by Elkins (Relating to certain requirements applicable to contracts entered into by, and the contract management process of, state agencies.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time because the number of contracts that would be subject to the review required by the bill is unknown.

The bill would require agencies to submit contract amendments or extensions on major contracts that result in a monetary change in value of at least \$1 million or 35 percent for review by the Contract Advisory Team.

The bill would amend the Government Code to require agencies to adopt certain procurement related procedures and policies relating to the solicitation, negotiation, approval, management, oversight, and closeout of contracts. Agencies would be required to create a system for agency-wide reporting on contractor performance and the status of each contract at the agency. The bill would also require each state agency to maintain a comprehensive list that identifies all contracts made with the agency and essential information pertaining to those contracts. Agencies with certain procurement volumes would be required to create a contract administration team to verify contract performance and to maintain agency expertise on contract management and oversight.

The bill would amend the Government Code to allow agencies to use appropriated funds to contract for auditing services in certain circumstances.

The bill would repeal provisions of the Government Code exempting certain purchases from individuals with disabilities from competitive bidding. This would require organizations and individuals providing these goods to compete for contracts.

The bill would eliminate certain procurement related advisory councils.

The bill would take effect November 1, 2015, but entities would not be required to comply with certain provisions until September 1, 2017.

The CPA estimates that there would be a cost to implement this provisions of the bill. However, the number of contracts statewide that would be subject to the new Contract Advisory Team review requirements is unknown, and therefore, the cost cannot be determined at this time; depending on the volume of contracts in question, costs could be significant. It is estimated that the remaining provisions of the bill could be absorbed within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources, 529 Health and Human Services Commission, 601 Department of Transportation

LBB Staff: UP, FR, JI, KMc, LBe, TBo, CL