

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 18, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2000** by Gutierrez (Relating to the purchase of certain commodity items by an entity other than a state agency.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2000, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from DIR Clearing Fund Account - AR 8122
2016	\$579,475
2017	\$565,456
2018	\$622,001
2019	\$684,201
2020	\$752,622

Fiscal Analysis

The bill would amend Section 2157.068, Government Code, to authorize certain additional entities to purchase commodity items through the Department of Information Resources (DIR) and to be charged an administrative fee by DIR: the Electric Reliability Council of Texas (ERCOT), Lower Colorado River Authority (LCRA), private schools as defined by Section 5.001 of the Education Code, private or independent institutions of higher education as defined by Section 61.003 of the Education Code, and volunteer fire departments as defined by Section 152.001 of the Tax Code.

Methodology

Revenue from administrative fees charged to customers of DIR's cooperative contracts program are deposited as appropriated receipts to DIR's Clearing Fund. Administrative fees are included in the purchase price of goods and services sold through the cooperative contracts program and are applied as a percentage of the goods and services sold. Implementation of the bill would likely increase revenue generated from administrative fees due to potential purchases by new customers made eligible by the bill. Potentially 1,861 new customers could purchase through the program including ERCOT, LCRA, 39 private institutions of higher education, 1,200 volunteer fire departments and 620 private K-12 education institutions.

DIR estimates a potential increase in revenue from administrative fees deposited to the Clearing Fund by \$579,475 in fiscal year 2016 and \$565,456 in fiscal year 2017 based on an average administrative fee percentage of 0.62 percent in fiscal year 2016 and 0.55 percent in fiscal year 2017. DIR anticipates administrative fees would be reduced in fiscal year 2017 due to increased sales volumes. These figures assume an increase in total sales volumes by \$93.5 million in fiscal year 2016, \$102.8 million in fiscal year 2017 and increasing sales in years thereafter. The increase in sales volumes are based on current median sales by public higher education, local government and public K-12 education customers.

Local Government Impact

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

Source Agencies: 313 Department of Information Resources, 701 Central Education Agency

LBB Staff: UP, FR, EP, LCO, AW, KVe