

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 18, 2017

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB476 by Reynolds (Relating to the preference given by state agencies for certain goods and services produced or offered by small businesses.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to the lack of data comparing pricing structures for small as compared to large businesses and uncertainty as to what constitutes giving "preference" to small businesses.

The bill would amend the Chapter 2155 of the Government Code, regarding general rules and procedures for purchasing, to require the Comptroller of Public Accounts (Comptroller) and each state agency to give preference to small businesses in contracts for goods and services with a value of less than \$500,000. The preference would not apply to the purchase of telecommunications equipment or services, advanced communication services, or information services.

The bill would take effect on September 1, 2017.

It is assumed that costs for the Comptroller to develop statewide contracts with small businesses for goods and services for procurement by state entities could be absorbed within existing resources. However, based on the LBB analysis, the fiscal impact cannot be estimated due to the uncertainty of prices offered by small businesses for goods and services and what constitutes giving "preference" with regards to purchasing or contracting.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, CL, JPU, DRE