

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 19, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1281 by Reynolds (Relating to historically underutilized businesses and to goods and services purchased by governmental entities; providing penalties.), **As Introduced**

The bill could have an indeterminate cost to the state related to the provision specifying preference for purchase of goods produced or grown in Texas or offered by Texas bidders if the cost does not exceed 105 percent of the cost of other goods.

The bill would amend Chapter 2155, Government Code, to add consideration of whether a vendor is a historically underutilized business (HUB) for determination of best value of a good or service. The bill would remove references regarding purchasing preference to bidders that are owned by a service-disabled veteran who is a Texas resident and replace them with references to Texas HUB bidders. The bill would provide preference for procurement of goods produced or grown in Texas or offered by Texas bidders if the cost does not exceed 105 percent of the cost of other goods and if quality is equal.

The bill would amend Chapter 2161, Government Code, to modify the definition of an "economically disadvantaged person" to remove the current 20 percent disability requirement for consideration of veterans with a service-connected disability. The bill would define "joint venture" as an association of two or more individuals or businesses, at least one of which is a HUB, that is established to carry on a single business activity, certified as a joint venture by the Comptroller, and limited in scope and duration. The bill would require agencies to determine whether a procurement is an eligible purchase for which the agency is required to make a good faith effort to award the contract to a joint venture. The bill would require the Comptroller to review a random sampling of state agency joint venture determinations. The bill would authorize certain penalties for members of a joint venture who fail to comply with the bill's provisions.

The bill would require contractors to accept bids or proposals from HUBs for 10 days after notification of a subcontracting opportunity. The bill would amend Chapter 2254, regarding professional and consulting services, to add "an attorney" to the definition of professional services.

Currently, statute requires state agencies to give preference to Texas goods or bidders if cost and quality are equal. The bill would revise the requirement and give preference to Texas goods or bidders if cost does not exceed 105 percent of the cost of other goods and quality is equal. According to the Comptroller, this requirement would likely increase state purchasing costs, the extent of which is undetermined. The Health and Human Services Commission also indicated a potential cost to implement this requirement.

This analysis assumes that remaining provisions of the bill could be implemented within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 312 Securities Board, 452 Department of Licensing and Regulation, 507 Texas Board of Nursing, 529 Health and Human Services Commission, 582 Commission on Environmental Quality, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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