

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 12, 2019**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2826** by Bonnen, Greg (Relating to procurement of a contingent fee contract for legal services by certain governmental entities.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2826, As Engrossed: a negative impact of (\$928,297) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	(\$486,656)
2021	(\$441,641)
2022	(\$441,641)
2023	(\$441,641)
2024	(\$441,641)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2019</b>
	<b>1</b>	
2020	(\$486,656)	4.5
2021	(\$441,641)	4.5
2022	(\$441,641)	4.5
2023	(\$441,641)	4.5
2024	(\$441,641)	4.5

## **Fiscal Analysis**

The bill would amend Chapter 2254 of the Government Code, regarding state and local contracts for legal services.

The bill would make political subdivisions of this state subject to the provisions of Subchapter C, regarding contingent fee contracts for legal services. The bill would impose certain additional restrictions on a contingent fee contract awarded by a political subdivision. The bill would require that the Attorney General approve such a contingent fee contract before it could take effect. The bill would allow a political subdivision to contest the Office of the Attorney General's refusal to approve a contract on non-procedural grounds at SOAH as a contested case under the Administrative Procedures Act. The bill would repeal Section 403.0305 to conform with the provisions of the bill.

## **Methodology**

The Office of the Attorney General is currently responsible for the review and approval of outside counsel contracts for state agencies. The provisions of the bill would expand this requirement to include contingent fee legal contracts for political subdivisions. Furthermore, the bill provides an administrative appeal against determinations. It is estimated that referrals will increase, resulting in increased demand for legal services from the Office of the Attorney General. Based on analysis by the Office of the Attorney General, the review and approval of contingent fee contracts for legal services would require an additional two Assistant Attorneys General and one Legal Assistant for each fiscal year after the bill's enactment. In addition, the agency indicates that 1.5 FTEs would be required to handle administrative appeals.

This analysis assumes any costs to the State Office of Administrative Hearings could be absorbed within current resources.

## **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time. According to the Texas Association of Counties, the local government fiscal implications of the bill cannot be determined because the number of contracts are unknown. Depending on the number of contracts, there would be an indeterminate fiscal cost.

**Source Agencies:** 302 Office of the Attorney General, 360 State Office of Administrative Hearings

**LBB Staff:** WP, CMa, JPU, CW, SLE, PP, AF, JMO