

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 16, 2003

TO: Honorable Chris Harris, Chair, Senate Committee on Administration

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2493 by Isett (Relating to consideration of a bidder's principal place of business in awarding certain municipal and school district contracts.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code as it relates to purchasing from a bidder whose principal place of business is located in the local government's boundaries, to include services other than professional services that could be purchased through the bid process. The bill would also change from three percent to five percent as the limit to how much higher the bid may be than the lowest bidder if the bid is awarded to a business located in the local government rather than to the lowest bidder if the lowest bidder's place of business is not in the local government area. The definition of local government would change regarding a municipality and a county. Current statute applies to a municipality with a population of 200,000 or less or a county with a population of 400,000 or less; provisions of the bill would delete the population brackets.

The bill would also amend the Education Code to authorize a school district to consider a bidder's or offeror's principal place of business when awarding a contract, in accordance with the Local Government Code that allows awarding to other than the lowest bidder when the place of business is located in the local government's boundaries.

The bill would take effect September 1, 2003 and apply only to a contract for which the initial notice soliciting bids or proposals is given on or after that date.

Local Government Impact

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

Source Agencies:

LBB Staff: JK, SD, DLBa