

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 839** HLS 26RS 1236

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 6, 2026	11:47 AM	Author: COATES
Dept./Agy.: Hospital Service Districts		
Subject: Use of "construction management at risk" (CMAR)		Analyst: Anthony Shamis

PUBLIC CONTRACT/BIDS

OR NO IMPACT See Note

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Provides with respect to a hospital service district use of "construction management at risk"

Present law provides exceptions to the term "contract limit" of \$250,000 per project, including labor, materials, and equipment at rates in the latest edition of the Associated Equipment Dealers Rental Rate Book, with administrative overhead not to exceed 15%.

Proposed law adds an exception to allow a hospital service district to perform public work estimated to cost one million dollars or less using its own employees without advertisement for public bid.

Present law prohibits Construction Management at Risk (CMAR) from being used projects under two million dollars for hospital service districts.

Proposed law modifies present law by changing the minimum threshold to use CMAR for projects from two million dollars to one million dollars for hospital service districts.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
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Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law lowers the Construction Management at Risk (CMAR) threshold for hospital service districts from \$2 M to \$1 M, and authorizes such districts to perform public work estimated to cost \$1 M or less using internal employees without public bid. These provisions are not expected to impact the operations or the overall number of projects administered by the Office of Facility Planning and Control.

The CMAR method offers potential advantages compared to traditional procurement methods including expedited timing, contractor qualifications playing a more prominent role, cost transparency, and risk shifted from the owner to the contractor.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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Legislative Fiscal Officer