

BILL ANALYSIS

C.S.H.B. 2376

By: Elkins

State Affairs

Committee Report (Substituted)

BACKGROUND AND PURPOSE

A report by the State Auditor's Office demonstrated that purchasing surety bonds for state officers and employees was not cost-effective. Under the State Employee Bonding Act and other statutes, agencies were often required to purchase these bonds, but claims to recover on the bonds were almost never filed. As a result, the state was wasting approximately \$250,000 each biennium on premiums for these bonds. In response, the 77th Legislature passed House Bill 1203, which significantly restricts the authority of state agencies to purchase surety bonds. As a result of House Bill 1203 becoming law, agencies may purchase surety bonds for their officers and employees only if required by the state constitution, federal law, regulation, or court order, or after obtaining the approval of the State Office of Risk Management (SORM). SORM may approve the purchase of a surety bond if it finds that the surety bond is warranted by a substantial or unusual risk of loss or the purchase of a surety bond is otherwise necessary to protect the interests of the state. The purpose of C.S.H.B. 2376 is to strike what is now obsolete and possibly confusing language that formerly required state agencies to purchase surety bonds.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, institution, department, or agency.

ANALYSIS

C.S.H.B. 2376 removes obsolete language and references that require various state agencies to purchase surety bonds for officers and employees.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2376 differs from the original by adding language that repeals the requirement in Section 403.009 of the Government Code that the attorney general's office examine bonds executed for employees of the Office of the Comptroller since the requirement for executing those bonds was deleted. The substitute differs from the original in that it does not repeal Section 31.021 of the Natural Resources Code.

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