BILL ANALYSIS

C.S.H.B. 2528
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Public Education
Committee Report (Substituted)

BACKGROUND

When the electric utility restructuring bill was enacted into law in 1999, the bill contained a provision allowing a local government to join with other local governments to form a political subdivision corporation in order to purchase electricity at a substantial savings to the school district.
As school districts began looking at the different options available to purchase electricity in the new restructured electricity market, it was questioned whether school districts were able to participate in a political subdivision corporation created to purchase electricity. In 2002, the attorney general held that the Education Code does not explicitly list political subdivision corporations established under Section 304.001, Local Government Code, as a method for school districts to procure contracts valued at $25,000 or more for the purchase of electricity, and thus school districts are prohibited from participating.

PURPOSE

C.S.H.B. 2528 amends the Education Code to include political subdivision corporations as an additional method for school districts to receive the best value on contracts valued at $25,000 or more.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 2528 amends Education Code, by providing that the formation of a political subdivision corporation under Section 304.001, Local Government Code, is an additional method for school districts contracts valued at $25,000 or more in the aggregate for each 12-month period that provides the best value for the district. The bill amends the Local Government Code, to include a school district in the definition of political subdivision.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2528 modifies the original by amending Section 44.031(a)(10) rather than adding Section 44.031(n), Education Code.