

BILL ANALYSIS

C.S.H.B. 2899
By: Phillips
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The logo sign program was created in 1991 to provide motorists with information regarding food, fuel, and lodging along certain state highways. Major shopping area and major agricultural interest area signs were added to this program in 1997. The Texas Department of Transportation (department) is required to enter a contract for management of the program and installation of signs.

Because these signs are located along state highways, the necessary contracts are highway improvement contracts under Chapter 223, Transportation Code. As a result, these contracts are subject to competitive bidding requirements. Subjecting these contracts to such requirements has made it difficult for the department to maximize revenue for the state highway fund.

Currently, TxDOT receives 5% of all contractor revenue associated with the fees they receive from program participants. Many other states receive much higher rates of return from their logo programs, some as high as 40%. The department believes that a return of at least 10% is necessary to cover the state's administrative costs.

CSHB 2899 allows the Texas Department of Transportation to enter efficient contracts for the erection of logo, major shopping area, and major agricultural interest signs.

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

SECTION 1. Amends Chapter 391, Transportation Code, as follows:

Sec. 391.091. ERECTION AND MAINTENANCE OF SIGNS. (a) Requires the department to enter contracts for the erection and maintenance of logo signs, major shopping area guide signs, and major agricultural interest signs.

(b) Authorizes the department to award contracts for these programs in the manner that will provide the best value for the state.

(c) Lists factors that may be considered in awarding contracts.

(d) Provides that this section prevails over conflicting law

(e) Provides that Subtitle D, Title 10, Government Code, and Chapter 223, Transportation Code, do not apply to contracts entered under this section.

SECTION 2. Provides that any contractual disputes will be governed by Section 201.112.

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SECTION 3. Repeals §391.097 (b) and (c), Transportation Code.

SECTION 4. Provides that the change in law applies only to a contract entered into by the Texas Department of Transportation on or after the effective date of this Act.

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

The substitute removes the requirements that a contractor's past relationship with the department and a contractor's reputation be specifically considered in the department's determination of the best value for the state. The substitute contains other non-substantive changes as prepared by the Texas Legislative Council.

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