

BILL ANALYSIS

Senate Research Center

S.B. 1580
By: Wentworth
Infrastructure Development and Security
8/25/2003
Enrolled

DIGEST AND PURPOSE

Currently, state law requires private maintenance contractors for the Texas Department of Transportation to post a performance bond for the life of their contracts. Most of these contracts are five to 10 years in length, making it difficult for contractors to obtain bonds for the life of the project. S.B. 1580 allows contractors to obtain a bond securing a contractor's performance under a routine maintenance activity contract that meet certain financial criteria, to be in effect for one year from the day work is resumed after any default by the contractor, or renewable annually in two-year increments. This bill also establishes the requirements of the bond and the consequences of not posting the required bond.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 223.042, Transportation Code, by adding Subsections (i) and (j), as follows:

(i) Authorizes the Texas Department of Transportation, as an alternative to Section 2253.021 (Performance and Payment Bonds Required), Government Code, to require a bond securing a contractor's performance, under a routine maintenance activity contract awarded under this section, to be for the amount equal to the greatest annual amount to be paid the contractor under the contract and remain in effect for one year from the day work is resumed after any default by the contractor, or be in the amount equal to the amount to be paid the contractor during the term of a two-year bond, renewable annually in two-year increments.

(j) Requires a bond posted under Subsection (i) to meet certain requirements.

SECTION 2. (a) Effective date: upon passage or September 1, 2003.

(b) Makes application of this Act prospective. Provides that Section 223.042 (Privatization of Maintenance Contracts), Transportation Code, as amended by this Act, applies to the renewal of a contract described by this subsection.