

By: Wentworth

S.B. No. 1580

A BILL TO BE ENTITLED

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AN ACT

relating to bond requirements for privatized maintenance contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 223.042, Transportation Code, is amended by adding Subsections (i) and (j) to read as follows:

(i) As an alternative to the requirements of Section 2253.021, Government Code, the department may require that a bond securing a contractor's performance under a contract awarded under this section for a routine maintenance activity:

(1) be in an 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

(2) be in an amount equal to the amount to be paid the contractor during the term of the bond and be for a term of two years, renewable annually in two-year increments.

(j) A bond posted under Subsection (i) must:

(1) be solely for the protection of the department;
and

(2) be conditioned on the faithful performance of the maintenance work in accordance with the contract requirements.

SECTION 2. (a) This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each

1 house, as provided by Section 39, Article III, Texas Constitution.
2 If this Act does not receive the vote necessary for immediate
3 effect, this Act takes effect September 1, 2003.

4 (b) A maintenance contract entered into by the Texas
5 Department of Transportation before the effective date of this Act
6 under Section 223.042, Transportation Code, is governed during the
7 remaining term of the contract by Section 223.042, Transportation
8 Code, as it existed immediately before the effective date of this
9 Act, and the prior law is continued in effect for that purpose.
10 Section 223.042, Transportation Code, as amended by this Act,
11 applies to the renewal of a contract described by this subsection.