

BILL ANALYSIS

C.S.H.B. 664
By: Isett
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Local Government Code allows consideration to a bidder's principal place of business when awarding contracts that were open for bid if that bidder's price is within 3% or the lowest bid.

C.S.H.B. 664 will allow a government body that has solicited a bid to factor in the bidder's place of business when awarding a bid contract if their bid is within 5%. The allowance is also extended to school district governing bodies as well. School districts were omitted in the original statute.

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 Subchapter Z, Chapter 271, Local Government Code, by adding Section 271.9051, which states that this section only applies to a municipality with a population of less than 250,000 that is authorized under this title to purchase real property or personal property that is not affixed to real property.

Provides that in purchasing any real property, personal property not affixed to real property, or services, if a municipality receives one or more competitive sealed bids from a bidder whose principal place of business is in the municipality and whose bid is within five percent of the lowest bid received from a bidder who is not a resident of the municipality, the municipality is authorized to enter into a contract with the lowest bidder or the bidder whose principal place of business is in the municipality, if the governing body determines, in writing, that the local bidder offers the best combination of contract price and additional economic development opportunities for the municipality, including the employment of residents of the municipality and increased tax revenues to the municipality. A municipality is not prohibited from rejecting all bids.

SECTION 2. Amends Section 44.031, Education Code, by adding Subsection (b-1) which provides that in awarding a contract, a school district is authorized to consider a bidder's or offeror's principal place of business.

SECTION 3. Amends Section 44.033, Education Code, by amending Subsection (c) and adding Subsection (f) to make conforming changes stating that a school district may consider a bidder's principal place of business in awarding a contract.

SECTION 4. This Act applies only to a contract for which the initial notice soliciting bids or proposals is given on or after the effective date of this Act.

SECTION 5. Effective Date

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 664 79(R)

The substitute adds a new SECTION 1, which not only amends Section 271.905(b), Local Government Code, as the original bill did, but adds Section 271.9051 which brackets the bill to a municipality with a population of less than 250,000 that is authorized to purchase real property or personal property that is not affixed to real property. The substitute does not prohibit a municipality from rejecting all bids it receives.