

## **BILL ANALYSIS**

C.S.H.B. 908  
By: Turner  
State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Legislation passed during the 77th Legislative Session authorized the Texas Building and Procurement Commission (formerly General Services Commission) to use online "reverse auctions" to purchase goods and services. In a reverse auction, suppliers, rather than buyers, bid on-line for contracts. Prices for goods and services begin high and are driven down as suppliers compete for a winning bid.

CSHB 908 requires the Texas Building and Procurement Commission (TBPC) to use reverse auctions for ten percent of purchases in the 2003-2005 biennium, twenty percent of purchases during the 2005-2007 biennium, and thirty percent of purchases thereafter.

### **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**

Amends Section 2155.062, Government Code, to define "reverse auction procedure" in this subchapter, rather than section. Prohibits the use of reverse auctions in obtaining goods or services, including professional or consulting services subject to Chapter 2254, related to the construction, remodeling, repair or maintenance of a building or public work.

Amends Chapter 2155 of the Government Code by adding Section 2155.085. Requires TBPC to use the reverse auction procedure whenever the procedure provides the best value to the state or all purchasing methods provide equal value to the state. Requires TBPC to offer historically underutilized businesses assistance and training relating to the reverse auction procedure and advise historically underutilized businesses on contracts available using the reverse auction procedure. Requires TBPC to set a goal of purchasing at least 20% of the dollar value of goods or services purchased by TBPC using the reverse auction procedure. Adds new language requiring TBPC to report by December 1, 2006 to the Governor, the Lieutenant Governor, the Speaker of the House, the chair of the Senate Finance Committee, and the chair of the House Appropriations Committee the effectiveness of the Reverse Auction procedure.

Requires TBPC to report on the effectiveness of using the reverse auction procedure to purchase goods and services.

### **EFFECTIVE DATE**

September 1, 2005

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

CSHB 908 prohibits the use of reverse auctions in obtaining goods or services, including professional or consulting services subject to Chapter 2254, related to the construction, remodeling, repair or maintenance of a building or public work.

CSHB 908 deletes the language requiring TBPC to use reverse auctions at least 30% of the time and instead requires TBPC to use the reverse auction procedure whenever the procedure provides the best value to the state or all purchasing methods provide equal value to the state.

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CSHB 908 also adds language that TBPC shall offer historically underutilized businesses assistance and training relating to the reverse auction procedure and advise historically underutilized businesses on contracts available using the reverse auction procedure.

CSHB 908 adds new language requiring TBPC to set a goal of purchasing at least 20% of the dollar value of goods or services purchased by TBPC using the reverse auction procedure.

CSHB 908 deletes the language requiring the expiration of the bill and adds that the subsection dealing with reporting on effectiveness expires September 1, 2007.