

AN ACT

relating to consideration of a bidder's principal place of business in awarding certain municipal and school district contracts.

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

SECTION 1. Subchapter Z, Chapter 271, Local Government Code, is amended by adding Section 271.9051 to read as follows:

Sec. 271.9051. CONSIDERATION OF LOCATION OF BIDDER'S PRINCIPAL PLACE OF BUSINESS IN CERTAIN MUNICIPALITIES. (a) This section applies only 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.

(b) In purchasing under this title any real property, personal property that is 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 price received by the municipality from a bidder who is not a resident of the municipality, the municipality may enter into a contract with:

(1) the lowest bidder; or

(2) the bidder whose principal place of business is in the municipality if the governing body of the municipality determines, in writing, that the local bidder offers the municipality the best combination of contract price and additional

1 economic development opportunities for the municipality created by  
2 the contract award, including the employment of residents of the  
3 municipality and increased tax revenues to the municipality.

4 (c) This section does not prohibit a municipality from  
5 rejecting all bids.

6 (d) This section does not apply to the purchase of  
7 telecommunications services or information services, as those  
8 terms are defined by 47 U.S.C. Section 153.

9 SECTION 2. Section 44.031, Education Code, is amended by  
10 adding Subsection (b-1) to read as follows:

11 (b-1) In awarding a contract by competitive sealed bid under  
12 this section, a school district that has its central administrative  
13 office located in a municipality with a population of less than  
14 250,000 may consider a bidder's principal place of business in the  
15 manner provided by Section 271.9051, Local Government Code. This  
16 subsection does not apply to the purchase of telecommunications  
17 services or information services, as those terms are defined by 47  
18 U.S.C. Section 153.

19 SECTION 3. Section 44.033, Education Code, is amended by  
20 amending Subsection (c) and adding Subsection (f) to read as  
21 follows:

22 (c) Before the district makes a purchase from a category of  
23 personal property, the district must obtain written or telephone  
24 price quotations from at least three vendors from the list for that  
25 category. If fewer than three vendors are on the list, the district  
26 shall contact each vendor on the list. Whenever possible, telephone  
27 quotes should be confirmed in writing by mail or facsimile. The

1 bidding records must be retained with the school's competitive  
2 bidding records and are subject to audit. Except as provided by  
3 Subsection (f), the [~~The~~] purchase shall be made from the lowest  
4 responsible bidder.

5 (f) In awarding a contract by competitive sealed bid under  
6 this section, a school district that has its central administrative  
7 office located in a municipality with a population of less than  
8 250,000 may consider a bidder's principal place of business in the  
9 manner provided by Section 271.9051, Local Government Code. This  
10 subsection does not apply to the purchase of telecommunications  
11 services or information services, as those terms are defined by 47  
12 U.S.C. Section 153.

13 SECTION 4. This Act applies only to a contract for which the  
14 initial notice soliciting bids is given on or after the effective  
15 date of this Act. A contract for which the initial notice  
16 soliciting bids is given before that date is governed by the law in  
17 effect when the initial notice is given, and the former law is  
18 continued in effect for that purpose.

19 SECTION 5. This Act takes effect September 1, 2005.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 664 was passed by the House on May 3, 2005, by a non-record vote; that the House refused to concur in Senate amendments to H.B. No. 664 on May 26, 2005, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 664 on May 29, 2005, by a non-record vote.

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Chief Clerk of the House

H.B. No. 664

I certify that H.B. No. 664 was passed by the Senate, with amendments, on May 24, 2005, by the following vote: Yeas 30, Nays 1; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 664 on May 29, 2005, by a viva-voce vote.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor