

By: Krusee

H.B. No. 2659

A BILL TO BE ENTITLED

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 amending Subsections (i) and (j), as amended by Chapter 28, Acts of the 78th Legislature, Regular Session, 2003, and by adding Subsections (k) and (l) to read as follows:

(j) [~~(i)~~] As an alternative to the requirements of Section 2253.021, Government Code, the department may require that a performance or payment 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 greatest annual 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.

(k) [~~(j)~~] A bond posted under Subsection (j) [~~(i)~~] must:

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

(2) be conditioned on the faithful performance of the

1 maintenance work in accordance with the contract requirements.

2 (1) A bond that replaces a bond issued in accordance with  
3 Subsections (j) and (k) relieves the surety and the contractor on  
4 the previous bond from all obligations associated with the previous  
5 bond.

6 SECTION 2. A maintenance contract entered into by the Texas  
7 Department of Transportation before the effective date of this Act  
8 under Section 223.042, Transportation Code, is governed during the  
9 remaining term of the contract by Section 223.042, Transportation  
10 Code, as it existed immediately before the effective date of this  
11 Act, and the prior law is continued in effect for that purpose.  
12 Section 223.042, Transportation Code, as amended by this Act,  
13 applies to the renewal of a contract described by this subsection.

14 SECTION 3. This Act takes effect immediately if it receives  
15 a vote of two-thirds of all the members elected to each house, as  
16 provided by Section 39, Article III, Texas Constitution. If this  
17 Act does not receive the vote necessary for immediate effect, this  
18 Act takes effect September 1, 2005.