

## **BILL ANALYSIS**

H.B. 576  
By: Smith, Wayne  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, the Water Code, allows a district to adopt minimum criteria for the qualifications of bidders on its construction contracts. For construction contracts over \$25,000, the district requires a person who bids to submit a certified or cashier's check, or a bid bond of at least two percent of the total amount of the bid. Although the Water Code allows a district to accept either form of deposit, it does not explicitly state that either form of deposit is acceptable. Certain bidders with small or medium sized companies have found the financial burden of submitting a cashier's check while bidding on multiple projects an undue burden. H.B. 576 clarifies that either form of deposit is acceptable as a good faith deposit.

### **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 Section 49.271(c), Water Code, to require a district to accept a bid bond in the amount required by the district as a bid deposit if the bid bond meets the other requirements in this subsection.

SECTION 2. Transition language stating the change in law made by this Act applies only to a construction contract deposit made on or after the effective date of this Act. A deposit made before the effective date of this Act is subject to the law in effect on the date of the deposit, and that law is continued in effect for that purpose.

SECTION 3. Effective date: Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **EFFECTIVE DATE**

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