

BILL ANALYSIS

C.S.H.B. 1764
By: Kuempel
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, for purchases under a contract of more than \$25,000 and in which payment will be made through current funds or bonds or through time warrants, counties are required to use certain procurement procedures. Among the eligible procurement procedures for counties to use is a design-build contract. Design-build contracts allow the county and architect or engineer to work together on the construction of a facility from the beginning stages of the project. However, contracts for which payment will be made through anticipation notes are governed by the competitive bidding provisions of The Certificate of Obligation Act of 1971 and are prohibited from using design-build contracts.

C.S.H.B. 1764 allows counties to utilize certain alternative procurement procedures, including design-build contracts, for contracts of more than \$25,000 in which payment will be made through anticipation notes. In addition, the bill establishes a cap for the amount of the anticipation notes that can be issued.

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

C.S.H.B. 1764 allows contracts for which payment will be made through anticipation notes authorized by Chapter 1431, Government Code, to be governed by the same requirements that govern contracts paid for by current funds or bonds or time warrants. Counties that choose to use alternative procurement procedures under Subchapter H, Chapter 271, Local Government Code, and use anticipation notes as payment for the contract, may not issue anticipation notes that exceed 20 percent of the county's annual budget or \$10 million, whichever is less.

The bill provides that the changes in law made by this Act only apply to a contract entered into on or after the effective date of this Act.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

For counties that use an alternative procurement procedure described by Subchapter H, Chapter 271, Local Government Code, the bill caps the amount of anticipation notes that can be issued for payment of a contract at 20 percent of a county's budget for the fiscal year or \$10 million, whichever is less.