

BILL ANALYSIS

H.B. 3506
By: Martinez Fischer
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a city must contact at least two Historically-Underutilized Businesses (HUBs) for any informal purchase between \$3,000 and \$25,000. Beyond the \$25,000 threshold, cities must competitively bid all purchases of goods or services. Some of the competitively bid requirements are too onerous, thus preventing HUBs from competing for municipal contracts.

House Bill No. 3506 increases the threshold that triggers the requirements of competitive bidding for contracts from \$25,000 to \$50,000.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a State officer, institution, department or agency.

SUMMARY ANALYSIS

House Bill No. 3506 amends the Local Government Code to increase the amount of an expenditure in a contract from \$25,000 to \$50,000 that can be entered into by a city before the city must begin a competitive bid process.

The bill further amends the Local Government Code to increase the amount of an expenditure that requires a city to contact at least two historically underutilized businesses from \$25,000 to \$50,000. Should House Bill No. 3506 become law, a city would have to contact at least two HUBs for any municipal expenditures between \$3,000 and \$50,000. These HUB's would have to be contacted on a rotating basis, based on information from the Texas Building and Procurement Division.

The changes in law by this Act would apply only to a contract entered into or an expenditure made after the effective date of this Act.

EFFECTIVE DATE

This Act would take effect September 1, 2007.