

## **BILL ANALYSIS**

Senate Research Center

S.B. 608  
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Government Organization  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Hurricanes Katrina and Rita devastated the Gulf Coast region in the fall of 2005, leaving behind billions of dollars worth of damage. While the majority of Americans showed great compassion during these difficult times, some took advantage of these circumstances to perpetrate fraudulent activities.

S.B. 608 prohibits a state agency from accepting bids or awarding contracts to persons or businesses that have been involved in contract violations or have been assessed penalties with regard to federal contracts awarded for restoration efforts with regard to Hurricane Katrina, Hurricane Rita, or any other natural disaster occurring after September 24, 2005, and provides that such ineligibility lasts for five years after the violation of federal law or penalty assessment. It also authorizes the state to immediately terminate a contract, without further obligation to the contract vendor, if a state agency determines that the vendor is currently ineligible under this statute.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 2155, Government Code, by adding Section 2155.006, as follows:

Sec. 2155.006. PROHIBITION ON CERTAIN BIDS AND CONTRACTS. (a) Defines “disaster” and “Hurricane Katrina.”

(b) Prohibits a state agency from accepting a bid or awarding a contract, including a contract for which the purchasing authority is delegated to a state agency, that includes proposed financial participation by certain persons set forth in this subsection who were involved in certain contract violations or assessed penalties in certain enforcement actions with regard to the relief, recovery, or reconstruction efforts as a result of hurricanes Rita or Katrina or any other disaster occurring after September 24, 2005.

(c) Sets forth a statement of eligibility which must be included in a bid or award subject to the requirements of this section.

(d) Authorizes a state agency to immediately terminate a contract without further obligation to the vendor if the agency determines that the individual or business entity holding the contract was ineligible to have the bid accepted or contract awarded under Subsection (b).

(e) Provides that this section does not create a cause of action to contest a bid or award of a state contract.

SECTION 2. Amends Section 2155.077, Government Code, by amending Subsection (b) and adding Subsections (a-1), (d), and (e), as follows:

(a-1) Requires the Texas Building and Procurement Commission (commission) to bar certain vendors from participating in state contracts subject to this subtitle (State Purchasing and General Services), including contracts in which the purchasing power has been delegated to a state agency, if the vendor was involved in contract violations or assessed penalties in certain enforcement actions with regard to the relief, recovery, or reconstruction efforts as a result of hurricanes Rita or Katrina or any other disaster occurring after September 24, 2005.

(b) Provides an exception to this subsection. Limits this subsection's application to Subsection (a), rather than the entire section.

(d) Requires the commission to bar a vendor under Subsection (a-1) from participating in state contracts for five years after the vendor is convicted of certain violations or a penalty is assessed in certain enforcement actions.

(e) Defines “disaster” and “Hurricane Katrina.”

SECTION 3. Amends Subchapter B, Chapter 2261, Government Code, by adding Section 2261.053, as follows:

Sec. 2261.053. PROHIBITION ON CERTAIN BIDS AND CONTRACTS. (a) Defines “disaster” and “Hurricane Katrina.”

(b) Prohibits a state agency from accepting a bid or awarding a contract that includes proposed financial participation by certain persons set forth in this subsection who were involved in certain contract violations or assessed penalties in certain enforcement actions with regard to the relief, recovery, or reconstruction efforts as a result of hurricanes Rita or Katrina or any other disaster occurring after September 24, 2005, except as provided by Subsection (c).

(c) Sets forth a statement of eligibility which must be included in a bid or award subject to the requirements of this section.

(d) Authorizes a state agency to immediately terminate a contract without further obligation to the contractor if the agency determines that the individual or business entity holding the contract was ineligible to have the bid accepted or contract awarded under Subsection (b).

(e) Provides that this section does not create a cause of action contesting a bid or award of a state contract.

SECTION 4. Makes application of this Act prospective to bids, proposals, or other applicable expressions of interest made public on or after the effective date of this Act.

SECTION 5. Effective date: September 1, 2007.