

BILL ANALYSIS

S.B. 608
By: Ellis
Government Reform
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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.

This bill 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 if a state agency determines that the vendor is currently ineligible under this statute.

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

This bill amends the Government Code to prohibit 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 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 Hurricane Katrina, as defined, or any other disaster, as defined, occurring after September 24, 2005.

The bill sets forth a statement of eligibility which must be included in a bid or award subject to the requirements of this section. The bill 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. The bill provides that this does not create a cause of action to contest a bid or award of a state contract.

The bill also requires the Texas Building and Procurement Commission (commission) to bar a vendor, for five years after the vendor is convicted of certain violations or a penalty is assessed, from participating in state contracts, including contracts in which the purchasing power has been delegated to a state agency.

EFFECTIVE DATE

September 1, 2007.