

BILL ANALYSIS

S.B. 1765
By: Watson
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Competitive bid requirements are sometimes difficult for small businesses and historically underutilized businesses (HUBs) to meet.

Strict competitive bids often have specific bonding requirements, require prior work experience with similar contracts, and include defined levels of insurance. Currently, a city is required to competitively bid all purchases of goods or services over \$25,000, and contact at least two HUBs for all contracts between \$3,000 and \$25,000.

Senate Bill No. 1765 increases to \$50,000 the purchase price at which a city is required to contact at least two HUBs and includes an exemption for an expenditure for advertising, other than legal notices.

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. Would amend Section 252.021(a), Local Government Code, to require a municipality to perform certain tasks before it may enter into a contract that requires an expenditure of more than \$50,000, rather than \$25,000, from one or more municipal funds.

SECTION 2. Would amend Section 252.0215, Local Government Code, as follows:

Sec. 252.0215. **COMPETITIVE BIDDING IN RELATION TO HISTORICALLY UNDERUTILIZED BUSINESS.** Requires a municipality, in making an expenditure of more than \$3,000 but less than \$50,000, rather than \$25,000, to contact at least two historically underutilized businesses on a rotating basis, based on information provided by the Texas Building and Procurement Commission, rather than the General Services Commission, pursuant to Chapter 2161 (Historically Underutilized Businesses), Government Code.

SECTION 3. Amends Section 252.022(a), Local Government Code, to include advertising, other than legal notices, among the exceptions of certain expenditures under this chapter (Purchasing and Contracting Authority of Municipalities).

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2007.

EFFECTIVE DATE

September 1, 2007.