

By: Smith of Harris

H.B. No. 576

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the bid bond form of bid deposit for certain special
3 district construction projects.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 49.271(c), Water Code, is amended to
6 read as follows:

7 (c) The district may adopt minimum criteria for the
8 qualifications of bidders on its construction contracts and for
9 sureties issuing payment and performance bonds. For construction
10 contracts over \$25,000, the district shall require a person who
11 bids to submit a certified or cashier's check on a responsible bank
12 in the state equal to at least two percent of the total amount of the
13 bid, or a bid bond of at least two percent of the total amount of the
14 bid issued by a surety legally authorized to do business in this
15 state, as a good faith deposit to ensure execution of the contract.
16 Notwithstanding any criteria adopted under this subsection, for a
17 contract for more than \$250,000, the district must accept a bid bond
18 in the amount required by the district as a bid deposit if the bid
19 bond meets the other requirements of this subsection. If the
20 successful bidder fails or refuses to enter into a proper contract
21 with the district, or fails or refuses to furnish the payment and
22 performance bonds required by law, the bidder forfeits the deposit.
23 The payment, performance, and bid bonding requirements of this
24 subsection do not apply to a contract for the purchase of equipment,

1 materials, or machinery not otherwise incorporated into a
2 construction project.

3 SECTION 2. The change in law made by this Act applies only
4 to a construction contract deposit made on or after the effective
5 date of this Act. A deposit made before the effective date of this
6 Act is subject to the law in effect on the date of the deposit, and
7 that law is continued in effect for that purpose.

8 SECTION 3. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2007.