

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, the  
17 district must accept a bid bond in the amount required by the  
18 district as a bid deposit if the bid bond meets the other  
19 requirements of this subsection. If the successful bidder fails or  
20 refuses to enter into a proper contract with the district, or fails  
21 or refuses to furnish the payment and performance bonds required by  
22 law, the bidder forfeits the deposit. The payment, performance,  
23 and bid bonding requirements of this subsection do not apply to a  
24 contract for the purchase of equipment, materials, or machinery not

1 otherwise incorporated into a construction project.

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

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