

1-1 By: Smith of Harris (Senate Sponsor - Ellis) H.B. No. 576
1-2 (In the Senate - Received from the House April 16, 2007;
1-3 April 17, 2007, read first time and referred to Committee on
1-4 Natural Resources; May 9, 2007, reported favorably by the
1-5 following vote: Yeas 10, Nays 0; May 9, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the bid bond form of bid deposit for certain special
1-9 district construction projects.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 49.271(c), Water Code, is amended to
1-12 read as follows:

1-13 (c) The district may adopt minimum criteria for the
1-14 qualifications of bidders on its construction contracts and for
1-15 sureties issuing payment and performance bonds. For construction
1-16 contracts over \$25,000, the district shall require a person who
1-17 bids to submit a certified or cashier's check on a responsible bank
1-18 in the state equal to at least two percent of the total amount of the
1-19 bid, or a bid bond of at least two percent of the total amount of the
1-20 bid issued by a surety legally authorized to do business in this
1-21 state, as a good faith deposit to ensure execution of the contract.
1-22 Notwithstanding any criteria adopted under this subsection, for a
1-23 contract for more than \$250,000, the district must accept a bid bond
1-24 in the amount required by the district as a bid deposit if the bid
1-25 bond meets the other requirements of this subsection. If the
1-26 successful bidder fails or refuses to enter into a proper contract
1-27 with the district, or fails or refuses to furnish the payment and
1-28 performance bonds required by law, the bidder forfeits the deposit.
1-29 The payment, performance, and bid bonding requirements of this
1-30 subsection do not apply to a contract for the purchase of equipment,
1-31 materials, or machinery not otherwise incorporated into a
1-32 construction project.

1-33 SECTION 2. The change in law made by this Act applies only
1-34 to a construction contract deposit made on or after the effective
1-35 date of this Act. A deposit made before the effective date of this
1-36 Act is subject to the law in effect on the date of the deposit, and
1-37 that law is continued in effect for that purpose.

1-38 SECTION 3. This Act takes effect immediately if it receives
1-39 a vote of two-thirds of all the members elected to each house, as
1-40 provided by Section 39, Article III, Texas Constitution. If this
1-41 Act does not receive the vote necessary for immediate effect, this
1-42 Act takes effect September 1, 2007.

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