

By: Zaffirini, Brimer, Deuell, Janek, Ogden,
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S.B. No. 769

Substitute the following for S.B. No. 769:

By: Swinford

C.S.S.B. No. 769

A BILL TO BE ENTITLED

AN ACT

relating to contracting issues of state agencies, including ethics
issues related to state contracting.

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

SECTION 1. Section 305.002(1), Government Code, is amended
to read as follows:

(1) "Administrative action" means rulemaking,
licensing, or any other matter that may be the subject of action by
a state agency, including a matter relating to the purchase of
products or services by the agency. The term includes the proposal,
consideration, or approval of the matter or negotiations concerning
the matter.

SECTION 2. The heading of Section 305.004, Government Code,
is amended to read as follows:

Sec. 305.004. GENERAL EXCEPTIONS.

SECTION 3. Subchapter A, Chapter 305, Government Code, is
amended by adding Section 305.0042 to read as follows:

Sec. 305.0042. EXCEPTION FOR CERTAIN COMMUNICATIONS
RELATED TO STATE PURCHASING. (a) A person is not required to
register under this chapter in accordance with Section
305.003(a)(2) solely because the person receives compensation or
reimbursement to communicate, as an employee or contractor of a
vendor of a product or of a provider of a service, to a member of the

1 executive branch concerning a purchasing decision of a state agency
2 if:

3 (1) the purchase of the product or service is not
4 subject to competitive bidding requirements or competitive
5 proposal requirements and the cost of the product or service does
6 not otherwise exceed a maximum cost limit established by commission
7 rule; or

8 (2) the product or service is on a catalog or similar
9 listing of prequalified products or services for purchase by a
10 state agency.

11 (b) A registrant who makes a communication described by
12 Subsection (a) is not required to provide information concerning
13 the communication in the registrant's registration statement under
14 this chapter.

15 SECTION 4. Subchapter A, Chapter 2262, Government Code, is
16 amended by adding Section 2262.0015 to read as follows:

17 Sec. 2262.0015. APPLICABILITY TO CERTAIN CONTRACTS. This
18 chapter does not apply to an enrollment contract described by 1
19 T.A.C. Section 391.183 as that section existed on May 1, 2007.

20 SECTION 5. The heading to Section 2262.053, Government
21 Code, is amended to read as follows:

22 Sec. 2262.053. TRAINING FOR CONTRACT MANAGERS.

23 SECTION 6. Section 2262.053, Government Code, is amended by
24 amending Subsections (a) and (d) and adding Subsections (e) and (f)
25 to read as follows:

26 (a) In coordination with the office of the attorney general,
27 comptroller, Department of Information Resources, [~~and~~] state

1 auditor, and Health and Human Services Commission, the commission
2 or a private vendor selected by the commission shall develop [~~or~~
3 ~~administer~~] a training program for contract managers.

4 (d) The commission [~~Texas Building and Procurement~~
5 ~~Commission~~] shall administer the training program under this
6 section.

7 (e) The program developed under this section must include a
8 separate class on ethics and contracting.

9 (f) A state agency or educational entity may develop
10 qualified contract manager training to supplement the training
11 required under this section. The commission may incorporate the
12 training developed by the agency or entity into the training
13 program under this section.

14 SECTION 7. Subchapter B, Chapter 2262, Government Code, is
15 amended by adding Section 2262.0535 and Sections 2262.055 through
16 2262.062 to read as follows:

17 Sec. 2262.0535. TRAINING FOR GOVERNING BODIES. (a) The
18 commission or a private vendor selected by the commission shall
19 adapt the program developed under Section 2262.053 to develop an
20 abbreviated program for training the members of the governing
21 bodies of state agencies. The training may be provided together
22 with other required training for members of state agency governing
23 bodies.

24 (b) All members of the governing body of a state agency
25 shall complete at least one course of the training developed under
26 this section. This subsection does not apply to a state agency that
27 does not enter into major contracts.

1 Sec. 2262.055. STATE AGENCY MAJOR CONTRACTS: REPOSITORY OR
2 POSTING. Each state agency shall maintain in a central location all
3 major contracts for that agency or shall post the major contracts on
4 the agency's website. In posting a contract under this subsection,
5 a state agency shall:

6 (1) allow Texas governmental entities, including
7 legislative entities, access to the contract;

8 (2) except as provided by Subdivision (3), allow
9 public access to the contract;

10 (3) reference in an appendix information contained in
11 a contract that is not subject to disclosure under Chapter 552 that
12 generally describes the information without disclosing the
13 specific content of the information; and

14 (4) make the contracts searchable by contract value,
15 vendor, and other subjects as appropriate.

16 Sec. 2262.056. REPORTING CONTRACTOR PERFORMANCE. (a)
17 After a major contract is completed or otherwise terminated, each
18 state agency shall review the contractor's performance under the
19 contract.

20 (b) Using the forms developed by the team under Section
21 2262.105, the state agency shall report to the commission on the
22 results of the review regarding the contractor's performance under
23 the contract.

24 Sec. 2262.057. CONTRACTOR PERFORMANCE DATABASE. (a) The
25 commission shall store in a database contractor performance reviews
26 as provided by this section.

27 (b) The team shall evaluate the contractor's performance

1 based on the information reported under Section 2262.056 and
2 criteria established by the team.

3 (c) The team shall establish an evaluation process that
4 allows vendors who receive an unfavorable performance review to
5 protest any classification given by the team.

6 (d) The commission shall develop a database that
7 incorporates the performance reviews and aggregates the reviews for
8 each contractor. The database shall include any vendor responses.

9 (e) A state agency may use the performance review database
10 to determine whether to award a contract to a contractor reviewed in
11 the database.

12 Sec. 2262.058. PERFORMANCE MEASURES; REPORTS. (a) Each
13 state agency shall, in consultation with the team, develop a plan
14 for incorporating performance measures into all major contracts
15 entered into by the agency. This includes ensuring that
16 performance measures are written into each major contract before
17 execution.

18 (b) Not later than March 1 of each year, each state agency
19 shall report to the team, governor, lieutenant governor, and
20 speaker of the house of representatives regarding performance
21 measures in the agency's major contracts. The report must describe
22 the agency's efforts to include performance-based provisions in the
23 agency's major contracts.

24 (c) The state agency shall make the report accessible to the
25 public on the agency's website.

26 Sec. 2262.059. CONTRACT MANAGERS. (a) Each state agency
27 that enters into major contracts other than interagency contracts

1 may establish a career ladder program for contract management in
2 the agency.

3 (b) An employee hired as a contract manager may engage in
4 procurement planning, contract solicitation, contract formation,
5 price establishment, and other related activities.

6 Sec. 2262.060. APPROVAL OF CONTRACTS. (a) Each state
7 agency shall establish formal guidelines regarding who may approve
8 a contract for the agency.

9 (b) Each state agency shall adopt administrative rules to
10 establish a monetary threshold above which agency contracts and
11 amendments to or extensions of agency contracts require written
12 authorization by the agency executive director.

13 (c) For state agency contracts valued in excess of \$1
14 million, when the value of any amendments or extensions is taken
15 into account, the agency executive director must authorize a
16 contract amendment in writing.

17 Sec. 2262.061. NEGOTIATION OF CERTAIN CONTRACTS BY SINGLE
18 EMPLOYEE PROHIBITED. A state agency with more than 200 employees
19 may not negotiate a major contract with only one agency employee
20 engaging in the negotiation.

21 Sec. 2262.062. ANALYSIS REQUIRED FOR CERTAIN CONTRACTS.

22 (a) If a state agency determines that a proposed contract or
23 proposed contract extension or amendment would outsource existing
24 services or functions performed by the agency that have a value of
25 \$10 million or more, or that would lead to the loss of 100 or more
26 existing state employee positions, the agency shall analyze the
27 identified functions or services to determine how and at what cost

1 the agency could most efficiently provide the functions or
2 services.

3 (b) The analysis may include the consideration of the
4 following factors:

- 5 (1) best practices in Texas and other states;
6 (2) available technology;
7 (3) access to benefits and services for clients;
8 (4) program integrity; and
9 (5) assessment of state agency skills available
10 throughout the life of the project.

11 (c) An analysis developed under this section is
12 confidential and is not subject to disclosure under Chapter 552
13 until a final determination has been made to award the contract for
14 which the analysis was developed.

15 SECTION 8. Section 2262.101, Government Code, is amended to
16 read as follows:

17 Sec. 2262.101. CREATION; DUTIES. (a) The Contract
18 Advisory Team is created to assist state agencies in improving
19 contract management practices by:

20 (1) [~~reviewing the solicitation of major contracts by~~
21 ~~state agencies,~~

22 [~~2~~] reviewing any findings or recommendations made
23 by the state auditor, including those made under Section
24 2262.052(b), regarding a state agency's compliance with the
25 contract management guide; [~~and~~

26 (2) [~~3~~] providing recommendations to the commission
27 regarding:

1 (A) the development of the contract management
2 guide; and

3 (B) the training under Section 2262.053; and
4 (3) certifying that state agencies have complied with
5 Section 2262.062.

6 (b) The team shall consult with state agencies in developing
7 forms, contract terms, guidelines, and criteria required under this
8 chapter.

9 SECTION 9. Section 2262.102, Government Code, is amended by
10 amending Subsection (a) and adding Subsection (c) to read as
11 follows:

12 (a) The team consists of the following six staff [~~five~~]
13 members:

- 14 (1) one member from the attorney general's office;
15 (2) one member from the comptroller's office;
16 (3) one member from the Department of Information
17 Resources;
18 (4) one member from the commission [~~Texas Building and~~
19 ~~Procurement Commission~~]; [~~and~~]
20 (5) one member from the governor's office; and
21 (6) one member from the State Council on Competitive
22 Government.

23 (c) The member from the governor's office serves as chair of
24 the team.

25 SECTION 10. Subchapter C, Chapter 2262, Government Code, is
26 amended by adding Sections 2262.104 and 2262.105 to read as
27 follows:

1 Sec. 2262.104. UNIFORM DEFINITIONS AND FORMS. (a) The team
2 shall develop and publish a uniform and automated set of
3 definitions for use as applicable in state contracts.

4 (b) The team shall develop and publish a uniform and
5 automated set of forms that a state agency may use in the different
6 stages of the contracting process.

7 Sec. 2262.105. FORMS FOR REPORTING CONTRACTOR PERFORMANCE.
8 The team shall develop forms for use by state agencies in reporting
9 a contractor's performance under Section 2262.056.

10 SECTION 11. Chapter 2262, Government Code, is amended by
11 adding Subchapters D, E, F, and G to read as follows:

12 SUBCHAPTER D. CONTRACT PROVISIONS

13 Sec. 2262.151. USE OF UNIFORM FORMS. A state agency may use
14 the forms developed under Section 2262.104 as templates, guides, or
15 samples for contracts entered into by the agency.

16 Sec. 2262.152. CONTRACT TERMS RELATING TO NONCOMPLIANCE.
17 The team shall develop recommendations for contract terms regarding
18 penalties for contractors who do not comply with a contract,
19 including penalties for contractors who do not disclose conflicts
20 of interest under Section 2262.201.

21 Sec. 2262.153. REQUIRED PROVISION RELATING TO
22 SUBCONTRACTOR COMPLIANCE. Each state agency contract shall require
23 that each contractor provide a list of all subcontractors for the
24 contract and include a provision that:

25 (1) holds the contractor responsible for the conduct
26 of all subcontractors in complying with the contractor's contract
27 with the state agency; and

1 (2) requires each subcontractor to disclose all
2 potential conflicts of interest to the state agency, according to
3 guidelines developed under Section 2262.201(b), when the
4 subcontractor contracts with or is otherwise hired by the
5 contractor.

6 Sec. 2262.154. REQUIRED CONTRACTOR DISCLOSURE STATEMENT;
7 STATE AGENCY EMPLOYEES. Before entering into a contract with the
8 state, a contractor and subcontractor shall disclose each employee:

9 (1) who was employed by:

10 (A) the state at any time during the year before
11 the date of the disclosure and is now employed by the contractor or
12 subcontractor; or

13 (B) the contractor or subcontractor at any time
14 during the year before the date of the disclosure and is now
15 employed by the state; and

16 (2) who is materially involved in the development of
17 the contract terms or the management of the contract.

18 Sec. 2262.155. HIRING PREFERENCE PROVISION FOR CERTAIN
19 LARGE CONTRACTS. If a state agency determines that a proposed
20 contract or proposed contract extension or amendment would
21 outsource existing services or functions performed by the agency
22 that have a value of \$10 million or more, or that would lead to the
23 loss of 100 or more existing state employee positions, the contract
24 or contract amendment must contain a provision that requires the
25 contractor to give preference in hiring to former employees of a
26 state agency:

27 (1) whose employment is terminated solely because of

1 the contract or contract extension or amendment;

2 (2) who satisfy the contactor's hiring criteria for
3 that position; and

4 (3) whose salary requirements are competitive with
5 market rates for positions with equivalent skills and experience.

6 SUBCHAPTER E. ETHICS; CONFLICT OF INTEREST

7 Sec. 2262.201. CONTRACTOR CONFLICTS OF INTEREST. (a) Each
8 contractor who responds to a state agency's contract solicitation
9 shall disclose in its response all potential conflicts of interest
10 to the agency.

11 (b) The team shall develop guidelines to aid contractors and
12 state agencies in identifying potential conflicts of interest.

13 Sec. 2262.202. EXECUTIVE DIRECTORS; ETHICS IN CONTRACTING
14 CLASS. Each executive director of a state agency shall annually
15 complete the ethics and contracting class developed under Section
16 2262.053(e).

17 SUBCHAPTER F. CHANGES TO CONTRACTS

18 Sec. 2262.251. CONTRACT AMENDMENTS, EXTENSIONS, AND CHANGE
19 ORDERS. (a) A state agency may not agree to a contract extension or
20 amendment that has a monetary value of more than 15 percent of the
21 original contract for a contract that has an initial value of \$50
22 million or more unless:

23 (1) the agency complies with the same approval
24 processes for the extension or amendment as required for the
25 original contract; and

26 (2) a contract manager for the agency states in
27 writing why the extension or amendment is necessary.

1 (b) This section does not affect whether a state agency is
2 required to undertake a new solicitation process in the manner
3 required for a new contract in order to extend or amend a contract.

4 Sec. 2262.252. CERTAIN CONTRACT EXTENSIONS. This
5 subchapter does not apply to contract extensions that are
6 specifically established as a component of the original
7 procurement.

8 SUBCHAPTER G. STATE OFFICE OF CONTRACT MANAGEMENT

9 Sec. 2262.301. DEFINITIONS. In this subchapter:

10 (1) "High-risk contract" means a state agency contract
11 that:

12 (A) has a value of at least \$25 million;

13 (B) has a value of less than \$25 million, but has
14 high-risk factors as identified by the office or the office of the
15 attorney general;

16 (C) is entered into with an entity that is
17 incorporated outside the United States;

18 (D) is entered into with an entity that, during
19 the five-year period preceding the date of the award of the
20 contract, has had a contract with a state agency or federal
21 governmental entity terminated or canceled for:

22 (i) a violation of, or noncompliance with,
23 the terms of the contract;

24 (ii) delivery of an ineffective product,
25 service, or system;

26 (iii) significant delays or cost overruns;

27 (iv) fraud;

1 (v) misconduct; or
2 (vi) any other event that resulted in the
3 termination or cancellation of the contract for cause; or

4 (E) is entered into with an entity that, at any
5 time during the five-year period preceding the date of the award of
6 the contract, has had a monetary judgment entered against the
7 entity as a result of litigation initiated by the state, a state
8 official, or a state agency.

9 (2) "Major information resources project" has the
10 meaning assigned by Section 2054.003(10).

11 (3) "Office" means the state office of contract
12 management.

13 (4) "Quality assurance team" means the quality
14 assurance team established under Section 2054.158.

15 (5) "Solicitation" means a solicitation for bids,
16 offers, qualifications, proposals, or similar expressions of
17 interest for a high-risk contract.

18 Sec. 2262.302. ESTABLISHMENT; GENERAL DUTIES. The
19 commission shall establish a state office of contract management
20 to:

21 (1) develop criteria for identifying high-risk
22 factors in contracts;

23 (2) review and approve an action related to a
24 high-risk contract as provided by Section 2262.303;

25 (3) provide recommendations and assistance to state
26 agency personnel throughout the contract management process; and

27 (4) coordinate and consult with the quality assurance

1 team on all high-risk contracts relating to a major information
2 resources project.

3 Sec. 2262.303. REVIEW AND APPROVAL; WAIVER. (a) Each state
4 agency must receive express written approval from the office and
5 the office of the attorney general before taking the following
6 actions in relation to a high-risk contract:

- 7 (1) publicly releasing solicitation documents;
8 (2) executing a final contract; and
9 (3) making a payment or a series of payments that equal
10 half of the contract value.

11 (b) In determining whether to approve an action described by
12 Subsection (a), the office and the office of the attorney general
13 may review related documentation to ensure that potential risks
14 related to the high-risk contract have been identified and
15 mitigated. If the potential risks cannot be sufficiently
16 mitigated, the office and the office of the attorney general shall
17 disapprove the action.

18 Sec. 2262.304. OVERSIGHT AND APPROVAL BY ATTORNEY GENERAL.

19 (a) The office of the attorney general shall assist a state agency
20 in the preparation of solicitation documents, planning for contract
21 negotiations, contract negotiations, writing of the contract, and
22 other preparations for executing a high-risk contract. The state
23 agency shall provide the office of the attorney general whatever
24 information and resources the office of the attorney general
25 considers appropriate.

26 (b) Except as provided by Section 2262.307, a state agency
27 must receive express written approval from the office of the

1 attorney general before executing a high-risk contract.

2 Sec. 2262.305. OUTSIDE SERVICES. (a) The office or the
3 office of the attorney general may retain the services of private
4 counsel or of private consultants who have expertise in a technical
5 matter that is the subject of a high-risk contract or proposed
6 high-risk contract.

7 (b) A state agency with a high-risk contract or proposed
8 high-risk contract for which private counsel or consultants are
9 retained by the office or the office of the attorney general shall
10 pay the costs and fees of the counsel or consultants.

11 (c) Private counsel retained by the office or the office of
12 the attorney general is under the direction and control of the
13 office of the attorney general.

14 Sec. 2262.306. SOLICITATION AND CONTRACT CANCELLATION.
15 After review of and comment on the matter by the office of the
16 attorney general, the Legislative Budget Board, and the governor,
17 the office may recommend the cancellation of a solicitation or a
18 contract during the review process under this subchapter if:

19 (1) a proposed solicitation is not in the best
20 interest of the state;

21 (2) a proposed contract would place the state at an
22 unacceptable risk if executed; or

23 (3) an executed contract is experiencing performance
24 failure or payment irregularities.

25 Sec. 2262.307. CONTRACT ADVISORY TEAM AUTHORIZATION.
26 Notwithstanding another provision of this subchapter, the team,
27 with the approval of the governor, may authorize the solicitation

1 or execution of a high-risk contract if:

2 (1) the office or the office of the attorney general
3 disapproves the solicitation or execution under another provision
4 of this subchapter; and

5 (2) the team determines that a proposed solicitation
6 or a high-risk contract would not place the state at an unacceptable
7 risk and is in the best interest of the state.

8 Sec. 2262.308. RULES. (a) The commission may adopt rules
9 to implement this subchapter.

10 (b) The office of the attorney general may adopt rules to
11 administer its duties under this subchapter.

12 Sec. 2262.309. NO CAUSE OF ACTION CREATED. This subchapter
13 does not create a cause of action.

14 SECTION 12. Section 2262.003, Government Code, is
15 transferred to Subchapter D, Chapter 2262, Government Code, as
16 added by this Act, is redesignated as Section 2262.156, Government
17 Code, and is amended to read as follows:

18 Sec. 2262.156 [2262.003]. REQUIRED [CONTRACT] PROVISION
19 RELATING TO AUDITING. (a) Each state agency shall include in each
20 of its contracts a term that provides that:

21 (1) the state auditor may conduct an audit or
22 investigation of any entity receiving funds from the state directly
23 under the contract or indirectly through a subcontract under the
24 contract;

25 (2) acceptance of funds directly under the contract or
26 indirectly through a subcontract under the contract acts as
27 acceptance of the authority of the state auditor, under the

1 direction of the legislative audit committee, to conduct an audit
2 or investigation in connection with those funds; and

3 (3) under the direction of the legislative audit
4 committee, an entity that is the subject of an audit or
5 investigation by the state auditor must provide the state auditor
6 with access to any information related to the performance of the
7 contract that the state auditor considers relevant to the
8 investigation or audit.

9 (b) The state auditor shall provide assistance to a state
10 agency in developing the contract provisions.

11 SECTION 13. Section 51.923, Education Code, is amended to
12 read as follows:

13 Sec. 51.923. QUALIFICATIONS OF CERTAIN BUSINESS ENTITIES TO
14 ENTER INTO CONTRACTS WITH AN INSTITUTION OF HIGHER EDUCATION. (a)
15 In this section:

16 (1) "Business entity [~~Corporation~~]" means any entity
17 recognized by law through which business is conducted, including a
18 sole proprietorship, partnership, firm, corporation, limited
19 liability company, holding company, joint stock company,
20 receivership, or trust [~~a corporation for profit organized under~~
21 ~~the laws of this state or under laws other than the laws of this~~
22 ~~state~~].

23 (2) "Governing board" has the meaning assigned by
24 Section 61.003 of this code.

25 (3) "Institution of higher education" has the meaning
26 assigned by Section 61.003 of this code.

27 (4) "Nonprofit corporation" means any organization

1 exempt from federal income tax under Section 501 of the Internal
2 Revenue Code of 1986 that does not distribute any part of its income
3 to any member, director, or officer.

4 (b) A nonprofit corporation is not disqualified from
5 entering into a contract or other transaction with an institution
6 of higher education even though one or more members of the governing
7 board of the institution of higher education also serves as a
8 member, ~~or~~ director, or officer of the nonprofit corporation.

9 (c) A business entity ~~[corporation]~~ is not disqualified
10 from entering into a contract or other transaction with an
11 institution of higher education even though one or more members of
12 the governing board of the institution of higher education has a
13 substantial interest in the business entity ~~[also serves as a~~
14 ~~stockholder or director of the corporation provided that no member~~
15 ~~of the governing board owns or has a beneficial interest in more~~
16 ~~than five percent of the corporation's outstanding capital stock~~
17 ~~and further provided that the contract or transaction is:~~

18 ~~[(1) an affiliation, licensing, or sponsored research~~
19 ~~agreement, or~~

20 ~~[(2) awarded by competitive bidding or competitive~~
21 ~~sealed proposals].~~

22 (d) An institution of higher education is not prohibited
23 from entering into a contract or other transaction with a business
24 entity in which a member of the governing board of the institution
25 of higher education has a substantial interest ~~[described in this~~
26 ~~section]~~ if the ~~[any]~~ board member ~~[having an interest described in~~
27 ~~this section in the contract or transaction]~~ discloses that

1 interest in a meeting held in compliance with Chapter 551,
2 Government Code, and refrains from voting on the contract or
3 transaction. Any such contract or transaction requiring board
4 approval must be approved by an affirmative majority of the board
5 members voting on the contract or transaction.

6 (e) For purposes of this section, a member of a governing
7 board has a substantial interest in a business entity if:

8 (1) the member owns 10 percent or more of the voting
9 stock or shares of the business entity or owns either 10 percent or
10 more or \$15,000 or more of the fair market value of the business
11 entity;

12 (2) funds received by the member from the business
13 entity exceed 10 percent of the member's gross income for the
14 previous year; or

15 (3) an individual related to the member in the first
16 degree by consanguinity or affinity, as determined under Chapter
17 573, Government Code, has an interest in the business entity as
18 described by Subdivision (1) or (2).

19 (f) A violation of this section does not render an action of
20 the governing board voidable unless the contract or transaction
21 that was the subject of the action would not have passed the
22 governing board without the vote of the member who violated this
23 section.

24 (g) This section preempts the common law of conflict of
25 interests as applied to members of a governing board of an
26 institution of higher education.

27 SECTION 14. (a) Subsection (f), Section 2262.051,

1 Government Code, is repealed.

2 (b) Effective March 1, 2008, Sections 531.018, 811.009, and
3 821.009, Government Code, are repealed.

4 SECTION 15. (a) Except as provided by Subsection (c),
5 Sections 2262.061, 2262.062, and 2262.154, Government Code, and
6 Subchapter G, Chapter 2262, Government Code, as added by this Act,
7 apply only to a contract for which a state agency first advertises
8 or otherwise solicits bids, proposals, offers, or qualifications on
9 or after the effective date of this Act.

10 (b) Subsection (a), Section 2262.201, Government Code, as
11 added by this Act, applies only in relation to a contract for which
12 a state agency first solicits bids, proposals, offers, or
13 qualifications on or after the date that the Contract Advisory
14 Team's guidelines regarding potential conflicts of interest take
15 effect.

16 (c) Section 2262.303, Government Code, as added by this Act,
17 applies only in relation to a contract for which a state agency
18 first advertises or otherwise solicits bids, proposals, offers, or
19 qualifications on or after January 1, 2008.

20 SECTION 16. On the effective date of this Act, a state
21 agency shall report to the State Office of Contract Management and
22 the office of the attorney general all high-risk contracts, as
23 defined by Section 2262.301, Government Code, as added by this Act,
24 the agency anticipates entering into during the state fiscal
25 biennium beginning September 1, 2007.

26 SECTION 17. On or after January 1, 2008, a state agency
27 subject to Chapter 2262, Government Code, may not enter into a

1 contract unless the agency has adopted administrative rules as
2 required by Section 2262.060(b), Government Code, as added by this
3 Act.

4 SECTION 18. A member of a governing body of a state agency
5 is not required to complete the training developed under Section
6 2262.0535, Government Code, as added by this Act, until September
7 1, 2009.

8 SECTION 19. An executive director of a state agency is not
9 required to comply with Section 2262.202, Government Code, as added
10 by this Act, until September 1, 2009.

11 SECTION 20. (a) As soon as practicable, and not later than
12 May 1, 2008, the Contract Advisory Team shall develop the forms,
13 criteria, recommendations, and provisions required by this Act,
14 including Sections 2262.104, 2262.105, and 2262.152 and Subsection
15 (b), Section 2262.201, Government Code, as added by this Act.

16 (b) A state agency is not required to comply with Sections
17 2262.055 through 2262.060 and Sections 2262.153 and 2262.155,
18 Government Code, as added by this Act, until September 1, 2009. A
19 state agency may comply earlier if the forms, electronic
20 requirements, database, or other items are available before that
21 date.

22 SECTION 21. This Act takes effect November 1, 2007.