

By: Hegar

S.B. No. 787

A BILL TO BE ENTITLED

AN ACT

relating to the authority of political subdivisions to negotiate contracts for electricity.

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

SECTION 1. Chapter 304, Local Government Code, is amended by adding Section 304.0015 to read as follows:

Sec. 304.0015. CONTRACT TERMS; AUTHORITY TO DELEGATE. (a)

A contract between a political subdivision and a political subdivision corporation described by Section 304.001 for the purchase of electricity, in whole or in part, authorized under Subchapter A, Chapter 271:

(1) may be for a term not to exceed 30 years;

(2) is a security agreement within the meaning of Section 1208.001, Government Code; and

(3) is exempt from Chapter 252 or 262, as appropriate, or other law that establishes a competitive purchasing process that, otherwise, would apply to the contract.

(b) In authorizing a political subdivision corporation to negotiate a contract, the governing body of each political subdivision that forms the political subdivision corporation may:

(1) authorize the maximum amount of any payment and the maximum rate of interest under the contract;

(2) authorize the maximum amount of electricity to be purchased under the contract; and

1 (3) delegate to any officer or employee of the
2 political subdivision the authority to:

3 (A) determine the payment terms of the contract;

4 (B) determine the specific amount of electricity
5 purchased; and

6 (C) complete and execute the contract.

7 (c) In exercising the authority delegated under Subsection
8 (b)(3), the officer or employee may establish the terms to complete
9 and execute the contract, including:

10 (1) the form of the contract;

11 (2) the payment terms of the contract, including the
12 price paid, payment amounts, and interest rate under the contract;

13 (3) the relevant contract dates, including payment
14 dates;

15 (4) the redemption or prepayment provisions; and

16 (5) any other details relating to completing and
17 executing the contract specified by the governing body of the
18 political subdivision in a proceeding authorizing the contract.

19 (d) A finding or determination made by an officer or
20 employee exercising the authority delegated under Subsection
21 (b)(3) has the same force and effect as a finding or determination
22 made by the governing body of the political subdivision.

23 (e) A political subdivision that enters into a contract
24 under this section has the same contracting authority as a
25 municipality contracting with a utility system under Section
26 1502.002, Government Code.

27 (f) A political subdivision that enters into a contract

1 under this section is not required to submit the contract to a
2 public official of this state, including the attorney general, for
3 review and approval. A political subdivision may submit the
4 contract to a public official for review and approval if authorized
5 by law. A contract under this section may not be contested after
6 the contract is executed and delivered except for fraud or forgery.

7 SECTION 2. 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.