

## **BILL ANALYSIS**

H.B. 987  
By: Creighton  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Cities, counties, school districts, and a variety of other governmental entities throughout Texas are each responsible for purchasing items and services. Multiple statutes govern each type of purchasing entity and the various types of procurement procedures that can be used. Under current law, cities have a limit of \$50,000 for procurement through the sealed bid method.

H.B. 987 brings other governmental entities up to the same \$50,000 level to standardize requirements and to account for the devaluation of local dollars. The bill also allows governmental entities to designate one person in charge of change orders for work within an original contract that costs less than \$50,000.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 987 amends the Education Code to require that, except as provided by the law governing school district purchases and contracts, all school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period, rather than \$25,000 or more in the aggregate for that period, be made by the method, among certain prescribed methods, that provides the best value for the district. The bill authorizes a school district to receive bids or proposals through electronic transmission if the board of trustees of the school district adopts rules to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the bids or proposals remain effectively unopened until the proper time. The bill provides that, notwithstanding any other provision of the law governing fiscal management of a school district, an electronic bid or proposal is not required to be sealed, and it makes that law apply to a bid or proposal received through electronic transmission in accordance with rules adopted by the school district. The bill repeals a provision making the law authorizing school districts to purchase certain items without following competitive requirements inapplicable to mainframe data-processing equipment and peripheral attachments with a single-item purchase price in excess of \$15,000. The bill repeals provisions governing a school district's purchase of personal property valued between \$10,000 and \$25,000.

H.B. 987 amends the Local Government Code to authorize the governing body of a municipality to grant general authority to an administrative official of the municipality if a change order involves a decrease or increase of \$50,000 or less, rather than \$25,000 or less, and adds language requiring the work to be within the original bid. The bill prohibits compensation for a contract awarded on a unit price basis from exceeding the actual quantity of items supplied or services provided. The bill provides that any law that requires a county to follow a competitive procurement procedure in making a purchase requiring the expenditure of \$50,000 or less, rather than \$25,000 or less, does not apply to the purchase of an item available for purchase from only one supplier.

H.B. 987 requires the commissioners court of a county, before the county may purchase one or more items under a contract that will require an expenditure exceeding \$50,000, rather than \$25,000, to comply with certain competitive requirements for the contract. The bill requires a county purchasing agent to adopt procedures that provide for competitive procurement, rather than competitive bidding, to the extent practicable under the circumstances, for the purchase of an item that is not subject to competitive procurement, rather than for the purchase of an item under a contract that is not subject to competitive bidding requirements under certain law. The bill removes language making a provision of the law governing competitive bidding notice by counties apply only to a county with a population of 3.3 million or more.

H.B. 987 requires municipalities, counties, and certain other local governments to follow the competitive procurement, rather than competitive bidding, procedure required by law if the entity is required by statute to award a contract for the construction, repair, or renovation of a structure, road, highway, or other improvement or addition to real property on the basis of competitive bids, and the contract requires the expenditure of more than \$50,000, rather than \$25,000 from the funds of the entity. The bill requires the governing body of such an entity that issues certificates of obligation to submit a proposed contract to competitive procurement, rather than competitive bidding, if the contract requires an expenditure by or imposes an obligation or liability on the issuer, or on a subdivision of the issuer if the issuer is a county, of more than \$50,000, rather than \$25,000. The bill authorizes the governing body of such an entity to grant authority to an official or employee responsible for purchasing or administering a contract to approve a change order that is within the scope of the original contract and involves \$50,000 or less. The bill also authorizes the board of a sports facility district established by a county, a county jail district, and a municipal civic center authority to grant this authority. The bill makes the law governing municipal civic center authority contracts over \$10,000 apply to contracts greater than \$50,000, and it requires county jail district construction contracts requiring an expenditure of more than \$50,000, rather than \$15,000, to be made only after competitive bidding as required by law.

H.B. 987 authorizes a municipal management district contract, other than a contract for services, for more than \$50,000, rather than \$15,000, for the construction of improvements or the purchase of material, machinery, equipment, supplies, and other property, except real property, to be entered into only after competitive bids. The bill requires the first publication of notice of such a contract to be not later than the 14th day, rather than the 15th day, before the date for receiving bids. The bill requires competitive sealed proposals, rather than competitive bids, to be asked from at least three persons if a proposed district contract for works, plant improvements, facilities other than land, or the purchase of equipment, appliances, materials, or supplies is for an estimated amount of more than \$50,000, rather than \$15,000 but less than \$25,000, or for a duration of more than two years.

H.B. 987 amends the Government Code to authorize, for purposes of the law governing specific authority for more than one type of local government to issue securities for development of employment, industrial, and health resources, that a contract for construction or purchase involving the expenditure of more than \$50,000, rather than \$2,000, may be made only after advertising in the manner prescribed by law, as applicable.

H.B. 987 repeals the following sections in the Education Code:

- Section 44.031(k)
- Section 44.033

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.