

**House Bill 3014**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter G, Chapter 403, Government Code, is amended by adding Section 403.110 to read as follows:

Sec. 403.110. SUCCESS CONTRACT PAYMENTS TRUST FUND. (a) The success contract payments trust fund is established as a trust fund outside the state treasury with the comptroller as trustee.

(b) The trust fund is established to provide a fund from which the comptroller as trustee may make success contract payments due in accordance with the contract terms without the necessity of an appropriation for the contract payment.

(c) The trust fund consists of money appropriated for deposit to the credit of the trust fund and any interest or other earnings attributable to the trust fund. The comptroller shall hold money credited to the trust fund for use only for payments due in accordance with success contract terms and expenses incurred in administering the trust fund or in administering the success contracts for which the trust fund is established. The balance of the trust fund may not exceed \$50 million at any time. The comptroller may establish in the trust fund one or more accounts to administer money for a particular success contract for which money has been credited to the trust fund.

(d) Notwithstanding any other law, a state agency and the comptroller jointly may enter into a success contract with any person the terms of which must include:

(1) that a majority of the contract payment is conditioned on the contractor meeting or exceeding certain specified performance measures toward the outcome of the contract's objectives;

(2) a defined objective procedure by which an independent evaluator is to determine whether the specified performance measures have been met or exceeded; and

(3) a schedule of the amounts and timing of payments to be

SENATE VERSION (CS)

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CONFERENCE

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earned by the contractor during each year or other specified period of the contract that indicates the payment amounts conditioned on meeting or exceeding the specified performance measures.

(e) The comptroller and a state agency may not finally execute a proposed success contract under this section unless:

(1) the comptroller and the Legislative Budget Board certify that the proposed contract is expected to result in significant performance improvements and significant budgetary savings for the state agency or agencies party to the contract if the performance targets are achieved; and

(2) the legislature has appropriated for deposit to the credit of the trust fund, contingent on the execution of the contract, an amount of money necessary to administer the contract and make all payments that may become due under the contract over the effective period of the contract.

(f) The comptroller shall make the contract payments for the success contracts only from the trust fund and only in accordance with the terms of the success contracts. The comptroller shall deposit to the credit of the trust fund any money the comptroller recovers from a contractor for overpayment or for a penalty or other amount recoverable under the terms of a success contract and shall hold the money in the trust fund in the same manner as the money held for payments for the success contract. To the extent that any money credited to the trust fund for a particular success contract remains unpaid at the time the particular contract expires or is terminated, as soon after the contract expiration as is practicable, the comptroller shall return the unpaid amount to the state treasury fund or account from which the money was appropriated.

(g) The comptroller shall provide to each legislature not later

SENATE VERSION (CS)

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(2) the legislature has appropriated for deposit to the credit of the trust fund, contingent on the execution of the contract, an amount of money necessary to administer the contract and make all payments that may become due under the contract over the effective period of the contract.

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than the first day of the regular legislative session a report that:

(1) provides details about the success in achieving the specified performance measures of each success contract entered into under this section that has not expired or been terminated or that expired or was terminated since the date of the preceding report under this subsection; and

(2) provides details about proposed success contracts that have not been executed at the time of the report.

(h) The comptroller may adopt rules as necessary to administer this section or success contracts entered into under this section, including joint rules adopted with other agencies that may be party to success contracts under this section.

SECTION 2. This Act takes effect September 1, 2015.

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later than the first day of the regular legislative session a report that:

(1) provides details about the success in achieving the specified performance measures of each success contract the state agency has entered into under this section that has not expired or been terminated or that expired or was terminated since the date of the preceding report under this subsection; and

(2) provides details about proposed success contracts that the state agency has not executed at the time of the report.

(h) The comptroller may adopt rules as necessary to administer this section or success contracts entered into under this section, including joint rules adopted with other agencies that may be party to success contracts under this section.

SECTION 2. Same as House version.

CONFERENCE