

By: Turner

H.B. No. 579

A BILL TO BE ENTITLED

AN ACT

relating to notice by a state agency regarding certain contracts for which the total value exceeds that of the initial contract.

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

SECTION 1. Subchapter F, Chapter 2261, Government Code, is amended by adding Section 2261.2555 to read as follows:

Sec. 2261.2555. NOTICE OF CERTAIN COST THAT EXCEEDS CONTRACT AMOUNT; ENFORCEMENT. (a) Subject to Subsection (a-1), for each state agency contract to purchase services from a vendor for which the total value of the contract after any contract amendment exceeds the total value of the initial contract by the greater of five percent or more or \$1 million or more, the state agency in accordance with procedures established by the Legislative Budget Board shall provide notice of the excessive cost to:

- (1) the governor;
- (2) the lieutenant governor;
- (3) the speaker of the house of representatives;
- (4) each member of the legislature;
- (5) the board; and
- (6) the state auditor's office.

(a-1) Subsection (a) applies only to a contract the cost of which is paid for with appropriated funds.

(b) The state agency must provide the notice required under Subsection (a) not later than the 30th day after the date of the

1 disclosure or discovery that the expected total value of the  
2 contract after any contract amendment exceeds the total value of  
3 the initial contract by the greater of five percent or more or \$1  
4 million. The notice must include:

- 5           (1) the amount of the cost increase;  
6           (2) the reason for the cost increase;  
7           (3) any opportunity the state agency had to lessen the  
8 cost or to purchase the service from another vendor after the first  
9 discovery or disclosure of any cost increase to the agency; and

10           (4) any other information the Legislative Budget Board  
11 determines relevant.

12           (c) The Legislative Budget Board may assess an enforcement  
13 mechanism against a state agency that the board determines has  
14 failed to provide notice as required by this section. The  
15 enforcement mechanism must be assessed in accordance with the  
16 schedule developed under Subsection (d).

17           (d) The Legislative Budget Board may establish a schedule of  
18 enforcement mechanisms that may be assessed against a state agency  
19 for a violation described by Subsection (c). The enforcement  
20 mechanisms may include:

21           (1) enhanced monitoring of the state agency's  
22 contracts by board personnel;

23           (2) required consultation with the Contract Advisory  
24 Team established under Section 2262.101 or the quality assurance  
25 team established under Section 2054.158 before issuance of a  
26 contract by the state agency;

27           (3) targeted audits by the state auditor's office at

1 the request of the board; and

2 (4) recommended cancellation of a contract to purchase  
3 services from a vendor for which the total value of the contract  
4 after any contract amendment exceeds the total value of the initial  
5 contract by the greater of five percent or more or \$1 million or  
6 more.

7 (e) The Legislative Budget Board's director may recommend  
8 to the board an enforcement mechanism to be assessed against a state  
9 agency for a violation described by Subsection (c). The board may  
10 increase the severity of an enforcement mechanism assessed against  
11 a state agency for repeated violations.

12 (f) The Legislative Budget Board may dismiss an enforcement  
13 mechanism assessed against a state agency by the board for a  
14 violation described by Subsection (c) on successful implementation  
15 of corrective action approved by the board.

16 SECTION 2. The changes in law made by this Act apply only to  
17 a contract entered into on or after the effective date of this Act.  
18 A contract entered into before that date is governed by the law in  
19 effect immediately before the effective date of this Act, and the  
20 former law is continued in effect for that purpose.

21 SECTION 3. This Act takes effect September 1, 2017.