

By: Turner

H.B. No. 579

Substitute the following for H.B. No. 579:

By: Capriglione

C.S.H.B. No. 579

A BILL TO BE ENTITLED

AN ACT

relating to notice by a state agency regarding certain contracts
for which the actual cost exceeds the contracted amount.

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) For each state agency contract
to purchase services from a vendor for which the actual cost of the
services exceeds the amount contracted for the services by \$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.

(b) The state agency must provide the notice required under
Subsection (a) not later than the 30th day after the date the actual
cost exceeds the contract amount by \$1 million. The notice must
include:

(1) the amount of the excessive cost;

1 (2) the reason for the excessive cost;

2 (3) any opportunity the state agency had to lessen the
3 excessive cost or to purchase the services from another vendor
4 after the excessive cost was disclosed; and

5 (4) any other information the Legislative Budget Board
6 determines relevant.

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

12 (d) The Legislative Budget Board may establish a schedule of
13 enforcement mechanisms that may be assessed against a state agency
14 for a violation described by Subsection (c). The enforcement
15 mechanisms may include:

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

18 (2) required consultation with the Contract Advisory
19 Team established under Section [2262.101](#) or the quality assurance
20 team established under Section [2054.158](#) before issuance of a
21 contract by the state agency;

22 (3) targeted audits by the state auditor's office at
23 the request of the board; and

24 (4) recommended cancellation of a contract to purchase
25 services for which the actual cost of the services is determined to
26 exceed the amount contracted for the services by \$1 million or more.

27 (e) The Legislative Budget Board's director may recommend

1 to the board an enforcement mechanism to be assessed against a state
2 agency for a violation described by Subsection (c). The board may
3 increase the severity of an enforcement mechanism assessed against
4 a state agency for repeated violations.

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

9 SECTION 2. The changes in law made by this Act apply only to
10 a contract entered into on or after the effective date of this Act.
11 A contract entered into before that date is governed by the law in
12 effect immediately before the effective date of this Act, and the
13 former law is continued in effect for that purpose.

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