86R12129 AAF-D

By:  Creighton S.B. No. 2321

A BILL TO BE ENTITLED

AN ACT

relating to issues involving the administration or finances of state entities.

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

SECTION 1.  Section 322.008, Government Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  For each state agency, institution, or other entity to which an appropriation is proposed by a general appropriations bill, the bill must include for each specific program or activity administered by the agency, institution, or entity:

(1)  a description of the program or activity;

(2)  the amount of the proposed appropriation; and

(3)  a statement that specifies the source of the proposed appropriation for the program or activity.

SECTION 2.  The heading to Section 322.020, Government Code, is amended to read as follows:

Sec. 322.020.  [~~MAJOR~~] CONTRACTS DATABASE.

SECTION 3.  Section 322.020, Government Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (b-1), (b-2), (b-3), (b-4), and (b-5) to read as follows:

(a)  In this section[~~, "major contract" means~~]:

(1)  "Contract" means a contract, grant, or agreement for the purchase or sale of goods or services that is entered into or paid for, wholly or partly, by a state agency or an amendment, modification, renewal, or extension of the contract, grant, or agreement. The term includes a revenue generating contract, an interagency or interlocal grant or agreement, a purchase order, or other written expression of terms of agreement. [~~a contract for which notice is required under one of the following sections:~~

[~~(A)  Section 2054.008;~~

[~~(B)  Section 2166.2551;~~

[~~(C)  Section 2254.006; or~~

[~~(D)  Section 2254.0301; or~~]

(2)  "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(3)  "State agency" has the meaning assigned by Section 2054.003 [~~a contract, including an amendment, modification, renewal, or extension:~~

[~~(A)  for which notice is not required under a section listed in Subdivision (1);~~

[~~(B)  that is not a purchase order, an interagency contract, or a contract paid only with funds not appropriated by the General Appropriations Act; and~~

[~~(C)  with a value that exceeds $50,000~~].

(b)  This section applies only to:

(1)  a major consulting services contract, as defined by Section 2254.021; and

(2)  a contract, including any amendment, modification, renewal, or extension of the contract, that has a value that exceeds or is reasonably expected to exceed $50,000, other than a contract of an institution of higher education that:

(A)  is paid for solely with institutional funds or hospital and clinic fees, as described by Section 51.009, Education Code; or

(B)  is for sponsored research.

(b-1)  Not later than the 30th calendar day after the date a contract is awarded, amended, modified, renewed, or extended, a [~~Each~~] state agency shall provide written notice of the contract to the Legislative Budget Board. The written notice must include copies of the following documents:

(1)  each [~~major~~] contract entered into by the agency, including each amendment, modification, renewal, or extension of the contract; and

(2)  each request for proposal, invitation to bid, or comparable solicitation related to the [~~major~~] contract.

(b-2)  The requirement to provide copies of documents under Subsection (b-1) does not apply to:

(1)  an enrollment contract described by 1 T.A.C. Section 391.183 as that section existed on June 1, 2015; or

(2)  a contract of the Texas Department of Transportation that:

(A)  relates to highway construction or engineering; or

(B)  is subject to Section 201.112, Transportation Code.

(b-3)  A state agency may redact from the written notice provided under Subsection (b-1) information excepted from disclosure under Chapter 552, including information that may be used to perpetrate fraud on the agency, such as:

(1)  certain commercial or financial information;

(2)  credit card, debit card, charge card, and access device numbers; and

(3)  government information related to security or infrastructure issues for computers.

(b-4)  For an institution of higher education, Subsection (b-1) applies only if:

(1)  for a major information system, as defined by Section 2054.0965, the value exceeds $1 million and the contract is paid with appropriated funds;

(2)  for a construction project, the contract is paid with appropriated funds; or

(3)  for professional services, the contract is for services other than physician or optometric service and is paid with appropriated funds.

(b-5)  The redaction of information under this section does not exempt the information from the requirements of Section 552.021 or 552.221.

(c)  The Legislative Budget Board shall post on the Internet a copy of:

(1)  each [~~major~~] contract, including each amendment, modification, renewal, or extension of the contract [~~of a state agency~~]; and

(2)  each request for proposal, invitation to bid, or comparable solicitation related to the [~~major~~] contract.

SECTION 4.  Chapter 322, Government Code, is amended by adding Sections 322.021, 322.0211, and 322.0212 to read as follows:

Sec. 322.021.  STATE AGENCY CONTRACT OVERSIGHT. (a) In this section:

(1)  "Board" means the Legislative Budget Board.

(2)  "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(3)  "State agency" has the meaning assigned by Section 2054.003.

(b)  Subject to Subsection (c), the board may review state agency contracts to determine compliance with the contract management guide developed under Section 2054.554, the comptroller's procurement policy manuals, and each applicable state contracting law, rule, policy, and procedure. The authority to review a state agency contract under this subsection applies regardless of the source of funds or method of financing for the contract.

(c)  This section does not apply to a contract of an institution of higher education that is paid for solely with institutional funds or hospital and clinic fees, as described by Section 51.009, Education Code. The board shall review the contract management handbook developed by an institution of higher education as required by Section 51.9337(b)(3), Education Code, when determining the institution's compliance with contracting rules and procedures.

(d)  Board staff may request, and are entitled to obtain, any document related to a contract reviewed under this section or to a purchase under the contract.

(e)  Each state agency shall cooperate with the board in conducting a contract review under this section and in resolving any issue resulting from the contract review.

Sec. 322.0211.  NOTICE OF VIOLATION OF STATE CONTRACTING LAW; CORRECTIVE ACTION PLAN. (a) If the Legislative Budget Board determines under Section 322.021 that a state agency contract violates the contract management guide, the comptroller's procurement policy manuals, or a state contracting law, rule, policy, or procedure, the board's director shall provide notice of the violation to the agency.

(b)  A state agency shall provide a written response to the notice provided under Subsection (a) not later than the 10th business day after the date the agency receives the notice.

(c)  If the board determines that the response provided by a state agency under Subsection (b) does not adequately address or resolve the violation determined under Subsection (a), the board's director may provide to the board and the state agency, comptroller, and governor written notice of the violation. A violation notice provided under this subsection must:

(1)  detail the specific provision violated by the contract;

(2)  recommend actions to be taken to address the violation and any identified risks related to the contract;

(3)  list potential remedies for the violation; and

(4)  state any enforcement mechanism that may be assessed under Section 322.0212 for the violation.

(d)  A state agency that receives notice of a violation under Subsection (c) shall develop a written corrective action plan consistent with the board's recommendations and provide the plan to the board not later than the 30th calendar day after the date the agency receives the notice.

(e)  The board may monitor a state agency's implementation of the corrective action plan.

Sec. 322.0212.  ENFORCEMENT. (a) The Legislative Budget Board may assess an enforcement mechanism against a state agency that the board determines under Section 322.021 is in violation of the contract management guide, the comptroller's procurement policy manuals, or a state contracting law, rule, policy, or procedure. The enforcement mechanism must be assessed in accordance with the schedule developed under Subsection (b).

(b)  The board may establish a schedule of enforcement mechanisms that may be assessed against a state agency for a violation described by Subsection (a). The enforcement mechanisms may include:

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

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

(3)  targeted audits by the State Auditor's Office at the request of the board; and

(4)  recommended cancellation of a contract determined to contain a violation described by Section 322.0211(a).

(c)  The board's director may recommend to the board an enforcement mechanism to be assessed against a state agency for a contract violation.

(d)  The board may increase the severity of an enforcement mechanism assessed against a state agency for repeated contract violations described by Section 322.0211(a).

(e)  The board may dismiss an enforcement mechanism assessed against a state agency by the board for a contract violation described by Section 322.0211(a) on successful implementation of a corrective action plan by the agency under Section 322.0211(d).

SECTION 5.  Chapter 322, Government Code, is amended by adding Section 322.025 to read as follows:

Sec. 322.025.  REPORT ON SPENDING REDUCTION MEASURES. (a) Not later than September 1 of each even-numbered year, each entity that is required to submit a legislative appropriations request shall submit to the board a detailed report identifying measures by which the entity may reduce its expenditures from general revenue and general revenue-dedicated accounts by 1 percent, 5 percent, and 10 percent in the next state fiscal biennium.

(b)  An entity described by Subsection (a) shall rank each of the 1 percent, 5 percent, and 10 percent spending reduction measures from highest to lowest priority. The entity shall assign higher priority to measures that:

(1)  have fewer consequences for the entity's programs and goals;

(2)  have less impact on populations served by the entity; or

(3)  eliminate redundancies and inefficiencies.

(c)  An entity described by Subsection (a) may not include in the report a spending reduction measure that would violate the state or federal constitution.

(d)  The board may exempt certain expenditures from consideration under this section.

(e)  The board may issue guidance regarding:

(1)  standards for reports required by this section, including format, content, and methods of submission; and

(2)  prioritizing spending reduction measures under Subsection (b).

(f)  The board may require an entity to submit the report under this section with the entity's legislative appropriations request.

(g)  Not later than December 1 of each even-numbered year, the board shall make reports received under this section available to the governor, lieutenant governor, speaker of the house of representatives, and members of the legislature.

SECTION 6.  Chapter 325, Government Code, is amended by adding Section 325.026 to read as follows:

Sec. 325.026.  REPORT TO SENATE COMMITTEE. (a) A governmental entity subject to this chapter shall deliver a report to the legislature that:

(1)  explains changes to the entity's rules made since the commission last completed a review of the entity and the consequences of those changes; and

(2)  provides a justification for making the changes described by Subdivision (1).

(b)  The report required under Subsection (a) must be delivered not later than November 30 of:

(1)  the sixth year after the year in which the commission completed a review of the entity if the entity was continued for a period of 12 years under Section 325.015; or

(2)  if the entity was continued for a period other than 12 years under Section 325.015, the year that is halfway through the entity's continuance period.

(c)  A legislative committee may compel testimony by a representative of a governmental entity that is not a state agency regarding the subject of the report in the same way the committee may compel testimony from a representative of a state agency.

SECTION 7.  Sections 2001.0045(a), (b), and (c), Government Code, are amended to read as follows:

(a)  In this section, "state agency" has the meaning assigned by Section 2001.006 [~~means a department, board, commission, committee, council, agency, office, or other entity in the executive, legislative, or judicial branch of state government.  This term does not include an agency under the authority of an elected officer of this state~~].

(b)  [~~A state agency rule proposal that contains more than one rule in a single rulemaking action is considered one rule for purposes of this section.~~]  Except as provided by Subsection (c), a state agency may not adopt a proposed rule for which the fiscal note for the notice required by Section 2001.024 states that the rule imposes a cost on any regulated person [~~persons~~], including another state agency, a special district, and [~~or~~] a local government, unless on or before the effective date of the proposed rule the state agency:

(1)  repeals two state agency rules [~~a rule~~] that impose [~~imposes a~~] total costs [~~cost~~] on the person in an amount [~~regulated persons that is~~] equal to or greater than the [~~total~~] cost imposed on the person [~~regulated persons~~] by the proposed rule; [~~or~~]

(2)  amends two state agency rules [~~a rule~~] to decrease the total costs [~~cost~~] imposed on the person [~~regulated persons~~] by an amount [~~that is~~] equal to or greater than the cost imposed on the person [~~persons~~] by the proposed rule; or

(3)  repeals one state agency rule and amends one state agency rule to decrease the total costs imposed on the person by an amount equal to or greater than the cost imposed on the person by the proposed rule.

(c)  This section does not apply to a rule that:

(1)  relates to state agency procurement;

(2)  is amended to:

(A)  reduce the burden or responsibilities imposed on a regulated person [~~persons~~] by the rule; or

(B)  decrease the person's [~~persons'~~] cost for compliance with the rule;

(3)  is adopted in response to a natural disaster; or

(4)  [~~is necessary to receive a source of federal funds or to comply with federal law;~~

[~~(5)  is necessary to protect water resources of this state as authorized by the Water Code;~~

[~~(6)  is necessary to protect the health, safety, and welfare of the residents of this state;~~

[~~(7)~~]  is adopted by the Department of Family and Protective Services[~~, Department of Motor Vehicles, Public Utility Commission, Texas Commission on Environmental Quality, or Texas Racing Commission;~~

[~~(8)  is adopted by a self-directed semi-independent agency; or~~

[~~(9)  is necessary to implement legislation, unless the legislature specifically states this section applies to the rule~~].

SECTION 8.  Section 2054.0965, Government Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b)  Except as otherwise modified by rules adopted by the department, the review must include:

(1)  an inventory of the agency's major information systems[~~, as defined by Section 2054.008,~~] and other operational or logistical components related to deployment of information resources as prescribed by the department;

(2)  an inventory of the agency's major databases and applications;

(3)  a description of the agency's existing and planned telecommunications network configuration;

(4)  an analysis of how information systems, components, databases, applications, and other information resources have been deployed by the agency in support of:

(A)  applicable achievement goals established under Section 2056.006 and the state strategic plan adopted under Section 2056.009;

(B)  the state strategic plan for information resources; and

(C)  the agency's business objectives, mission, and goals;

(5)  agency information necessary to support the state goals for interoperability and reuse; and

(6)  confirmation by the agency of compliance with state statutes, rules, and standards relating to information resources.

(c)  In this section, "major information system" includes:

(1)  one or more computers that in the aggregate cost more than $100,000;

(2)  a service related to computers, including computer software, that costs more than $100,000; and

(3)  a telecommunications apparatus or device that serves as a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network and costs more than $100,000.

SECTION 9.  The heading to Section 2261.253, Government Code, is amended to read as follows:

Sec. 2261.253.  REQUIRED POSTING OF [~~CERTAIN CONTRACTS; ENHANCED~~] CONTRACT INFORMATION AND PERFORMANCE MONITORING.

SECTION 10.  Sections 2261.253(a), (b), and (d), Government Code, are amended to read as follows:

(a)  Each [~~For each contract for the purchase of goods or services from a private vendor, each~~] state agency shall post on its Internet website's home page a link to the Legislative Budget Board's contracts database established under Section 322.020 [~~website:~~

[~~(1)  each contract the agency enters into, including contracts entered into without inviting, advertising for, or otherwise requiring competitive bidding before selection of the contractor, until the contract expires or is completed;~~

[~~(2)  the statutory or other authority under which a contract that is not competitively bid under Subdivision (1) is entered into without compliance with competitive bidding procedures; and~~

[~~(3)  the request for proposals related to a competitively bid contract included under Subdivision (1) until the contract expires or is completed~~].

(b)  For each contract in an amount of $15,000 or more for the purchase of goods or services from a private vendor that is paid for solely with institutional funds or hospital and clinic fees, as described by Section 51.009, Education Code, an institution of higher education, as defined by Section 61.003, Education Code, shall post on the institution's Internet website:

(1)  the contract, including a contract that does not require competitive bidding before selection of the contractor, until the contract expires or is completed;

(2)  for a contract that does not require competitive bidding, the statutory or other authority that allows the contract to be entered into without compliance with competitive bidding procedures; and

(3)  the request for proposals related to a competitively bid contract posted under Subdivision (1), until the contract is completed [~~A state agency monthly may post contracts described by Subsection (a) that are valued at less than $15,000~~].

(d)  An institution of higher education may redact information from the contracts posted on the institution's Internet website under Subsection (b) to the same extent as permitted under Section 322.020(b-3). The redaction of information under this subsection does not exempt the information from the requirements of Section 552.021 or 552.221 [~~This section does not apply to a memorandum of understanding, interagency contract, interlocal agreement, or contract for which there is not a cost~~].

SECTION 11.  Section 2262.101, Government Code, is amended by adding Subsection (g) to read as follows:

(g)  The team shall provide to the Legislative Budget Board a copy of:

(1)  each recommendation made under Subsection (a)(1) on a solicitation or contract document not later than the 10th calendar day after the date the team makes the recommendation; and

(2)  any written explanation submitted by a state agency under Subsection (d)(2) stating the reason a recommendation is not applicable to the contract under review not later than the 10th calendar day after the date the team receives the explanation.

SECTION 12. Sections 2262.102(a) and (d), Government Code, are amended to read as follows:

(a)  The team consists of the following [~~six~~] members:

(1)  one member from the Health and Human Services Commission;

(2)  one member from the comptroller's office;

(3)  one member from the Department of Information Resources;

(4)  one member from the Texas Facilities Commission;

(5)  one member from the governor's office; and

(6)  one or more members [~~member~~] from any other [~~a small~~] state agencies, as designated by the comptroller as the comptroller considers necessary [~~agency~~].

(d)  The comptroller may adopt rules regarding the membership of the team, as appropriate, to implement this section [~~In this section, "small state agency" means a state agency with fewer than 100 employees~~].

SECTION 13.  The heading to Chapter 2264, Government Code, is amended to read as follows:

CHAPTER 2264. CERTAIN RESTRICTIONS ON [~~USE OF CERTAIN~~] PUBLIC SUBSIDIES AND STATE CONTRACTS

SECTION 14.  Section 2264.101, Government Code, is transferred to Subchapter B, Chapter 2264, Government Code, redesignated as Section 2264.054, Government Code, and amended to read as follows:

Sec. 2264.054 [~~2264.101~~].  RECOVERY. (a)  A public agency, local taxing jurisdiction, or economic development corporation, or the attorney general on behalf of the state or a state agency, may bring a civil action to recover any amounts owed to the public agency, state or local taxing jurisdiction, or economic development corporation under this subchapter [~~chapter~~].

(b)  The public agency, local taxing jurisdiction, economic development corporation, or attorney general, as applicable, shall recover court costs and reasonable attorney's fees incurred in an action brought under Subsection (a).

(c)  A business is not liable for a violation of this subchapter [~~chapter~~] by a subsidiary, affiliate, or franchisee of the business, or by a person with whom the business contracts.

SECTION 15.  The heading to Subchapter C, Chapter 2264, Government Code, is amended to read as follows:

SUBCHAPTER C. E-VERIFY PROGRAM [~~ENFORCEMENT~~]

SECTION 16.  Subchapter C, Chapter 2264, Government Code, is amended by adding Sections 2264.1011, 2264.102, 2264.103, and 2264.104 to read as follows:

Sec. 2264.1011.  DEFINITIONS. In this subchapter:

(1)  "E-verify program" has the meaning assigned by Section 673.001.

(2)  "State agency" has the meaning assigned by Section 2103.001.

Sec. 2264.102.  VERIFICATION BY CONTRACTORS. (a)  A state agency may not award a contract for goods or services within this state to a contractor unless the contractor registers with and participates in the E-verify program to verify employee information. The contractor must continue to participate in the program during the term of the contract.

(b)  Each contract with a state agency must include the following statement:

"\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name of contractor) certifies that \_\_\_\_\_\_\_\_\_\_ (name of contractor) is not ineligible to receive this contract under Subchapter C, Chapter 2264, Government Code, and acknowledges that if this certification is inaccurate or becomes inaccurate during the term of the contract, the contractor may be barred from participating in state contracts."

(c)  If a state agency determines that a contractor was ineligible to have the contract awarded under Subsection (a) or that a contractor has ceased participation in the E-verify program during the term of the contract, the state agency shall refer the matter to the comptroller for action.

(d)  Each state agency shall develop procedures for the administration of this section.

Sec. 2264.103.  BARRING FROM STATE CONTRACTS. (a)  Using procedures prescribed under Section 2155.077, the comptroller shall bar a contractor from participating in state contracts if a state agency under Section 2264.102 determines that the contractor:

(1)  was awarded a contract in violation of Section 2264.102; or

(2)  has ceased participation in the E-verify program during the term of the contract.

(b)  Debarment under this section is for a period of up to five years.

(c)  A contractor who registers with and participates in the E-verify program as provided by Section 2264.102 may not be barred under this section if, as a result of receiving inaccurate verification information from the E-verify program, the contractor hires or employs a person in violation of 8 U.S.C. Section 1324a.

Sec. 2264.104.  AFFIRMATIVE DEFENSE; DISCRIMINATION PROHIBITED. (a)  It is an affirmative defense to a civil action for damages or the imposition of a civil penalty for an employer's refusal to hire or employ a person based on the employer's participation in the E-verify program as required by this subchapter that the employer participated in the E-verify program in accordance with the rules and guidelines of the program and received inaccurate information.

(b)  This section may not be construed to allow intentional discrimination of any class protected by law.

SECTION 17.  The following provisions are repealed:

(1)  Section 322.020(f), Government Code;

(2)  Section 2054.008, Government Code;

(3)  Section 2166.2551, Government Code;

(4)  Section 2254.006, Government Code;

(5)  Section 2254.0301, Government Code;

(6)  Sections 2261.253(e), (f), (g), and (h), Government Code;

(7)  Section 81.072, Natural Resources Code; and

(8)  Section 223.051, Transportation Code, as added by Chapter 533 (S.B. 312), Acts of the 85th Legislature, Regular Session, 2017.

SECTION 18.  Section 322.008, Government Code, as amended by this Act, applies to the general appropriations bills prepared for the 2022-2023 state fiscal biennium and subsequent bienniums.

SECTION 19.  Section 2001.0045, Government Code, as amended by this Act, applies only to a rule proposed by a state agency on or after the effective date of this Act. A rule proposed before that date is governed by the law in effect on the date the rule was proposed, and the former law is continued in effect for that purpose.

SECTION 20.  As soon as practicable after the effective date of this Act, the comptroller of public accounts shall designate one or more members to the Contract Advisory Team as provided by Section 2262.102, Government Code, as amended by this Act.

SECTION 21.  Each state agency subject to Subchapter C, Chapter 2264, Government Code, as amended by this Act, shall develop the procedures required under Section 2264.102(d), Government Code, as added by this Act, not later than October 1, 2019.

SECTION 22.  Sections 2264.1011, 2264.102, and 2264.103, Government Code, as added by this Act, apply only in relation to a contract for which the request for bids or proposals or other applicable expression of interest is made public on or after the effective date of this Act.

SECTION 23.  Except as otherwise provided by this Act, the changes in law made by this Act apply to a contract entered into or amended, modified, renewed, or extended on or after the effective date of this Act. A contract entered into or amended, modified, renewed, or extended before the effective date of this Act is governed by the law in effect on the date the contract was entered into or amended, modified, renewed, or extended, and the former law is continued in effect for that purpose.

SECTION 24.  This Act takes effect September 1, 2019.