

## **BILL ANALYSIS**

Senate Research Center  
87R6237 BRG-D

H.B. 1861  
By: Cortez (Menéndez)  
Local Government  
5/20/2021  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

State law requires interlocal contracts between certain local governments to be authorized by the governing bodies of each party to the contract. However, municipally owned electric utilities are authorized to use a streamlined contracting process that does not require this authorization for interlocal contracts that do not exceed \$100,000. Examples of these types of contracts include the cooperative purchase of parts for vehicles and equipment or utility relocations to accommodate road construction. Other governmental entities, such as municipal water utilities, also enter into interlocal contracts that are similar in simplicity and value, yet these contracts are still subject to authorization by each applicable governing body. This requires a significant investment of time by staff and members of the governing body on matters that are otherwise considered routine.

H.B. 1861 seeks to allow the San Antonio Water System to use a streamlined process for entering into interlocal contracts of a certain value that does not require this approval for each contract.

H.B. 1861 amends current law relating to the requirements for interlocal contracts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 791.011(d), Government Code, as follows:

(d) Requires that an interlocal contract:

(1) be authorized by the governing body of each party to the contract unless a party to the contract is a water utility owned by a municipality containing more than 75 percent of the population of a county with a population of 1.5 million or more or a municipally owned electric utility, in which event the governing body is authorized to establish procedures for entering into interlocal contracts that do not exceed \$100,000 without requiring the approval of the governing body;

(2) and (3) makes no changes to these subdivisions.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2021.