

## **BILL ANALYSIS**

H.B. 3245  
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Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law allows for a five percent preference for bidders in a competitive bidding process whose principal place of business is within a municipality. If a bidder is selling products to the municipality, they may utilize that preference for a contract of less than \$500,000, while a bidder seeking a contract to perform construction services may only utilize the preference for a contract of less than \$100,000. Not only does this discriminate against contracts for construction services, it also prevents municipalities from gaining local tax benefits on construction services in that higher amount. H.B. 3245 seeks to make the maximum amounts for these contracts equal.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 3245 amends the Local Government Code to increase from less than \$100,000 to less than \$500,000 the maximum amount for construction services for which a municipality may enter into a contract with a bidder when the municipality receives one or more competitive sealed bids from a bidder whose principal place of business is in the municipality and whose bid is within five percent of the lowest bid price received and a bidder who is not a resident of the municipality. The bill applies only to a contract for which the initial notice soliciting bids is given on or after the bill's effective date.

### **EFFECTIVE DATE**

September 1, 2023.