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| BILL ANALYSIS |

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| C.S.H.B. 1998 |
| By: Spiller |
| Intergovernmental Affairs |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE**  Under current state law, certain governmental entities such as counties, municipalities, and public school districts are required to comply with certain competitive procurement procedures for certain expenditures exceeding $50,000. However, the bill author has informed the committee that inflation and the rising costs of goods and services has made this expenditure threshold outdated, resulting in an inefficient procurement process for small-scale purchases. The bill author has also informed the committee that raising this threshold would modernize procurement standards and reduce administrative burdens without compromising transparency or competition. C.S.H.B. 1998 seeks to streamline procurement processes, lower administrative costs, and provide greater flexibility to governmental entities in managing their resources effectively by raising that expenditure threshold. |
| **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**  C.S.H.B. 1998 amends the Education Code, Health and Safety Code, Local Government Code, and Transportation Code to raise certain expenditure thresholds that trigger the applicability of a competitive procurement method for contracting by a county, emergency services district, municipality, public school district, housing authority, or hospital district or authority, or agencies or instrumentalities of certain governmental entities from $50,000 to $100,000. The bill applies only to a purchase made on or after the bill's effective date. A purchase made before the bill's effective date is governed by the law as it existed immediately before the bill's effective date, and that law is continued in effect for that purpose. |
| **EFFECTIVE DATE**  September 1, 2025. |
| **COMPARISON OF INTRODUCED AND SUBSTITUTE**  While C.S.H.B. 1998 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.  Both the introduced and the substitute raise certain expenditure thresholds that trigger the applicability of a competitive procurement method for contracting by certain governmental entities from $50,000 to $100,000. However, the substitute makes this change applicable also with respect to an emergency services district, whereas the introduced did not. |
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