

BILL ANALYSIS

H.B. 880
By: Reynolds
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties explain that the disadvantaged business program within the Texas Department of Transportation (TxDOT) sets annual goals for the awarding of state or federally funded contracts, including construction, maintenance, supply, and service contracts, to disadvantaged businesses with a goal of approximating the federal requirement for federal money used for highway construction and maintenance consistent with other applicable state and federal law. The program gives disadvantaged businesses full access to TxDOT's contract bidding process, informs these businesses about the process, offers the businesses assistance concerning the process, and identifies barriers to the businesses participating in the process. Interested parties explain their desire to establish a revolving fund in the state highway fund to foster and stimulate the development of these businesses and note that this fund would help remove barriers to the participation of disadvantaged businesses in TxDOT contracts and assist the development of those businesses so that they are able to compete successfully in the marketplace without assistance from the disadvantaged business program. H.B. 880 seeks to address this issue.

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 rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 of this bill.

ANALYSIS

H.B. 880 amends the Transportation Code to authorize the Texas Transportation Commission by rule to establish a program for assisting businesses that are identified as disadvantaged businesses under the disadvantaged business program established by the Texas Department of Transportation (TxDOT). The bill authorizes TxDOT to establish, as an account in the state highway fund, a revolving fund to provide financing to foster and stimulate the development of the disadvantaged businesses. The bill specifies the fund may be composed of financing application fees, loan repayments, guarantee fees, dividend income, donations, contributions, or money appropriated by the legislature for purposes for which the fund may be used, amounts received by the state from federal grants or other sources, and any other amounts received under the disadvantaged business assistance program and required by TxDOT to be deposited in the revolving fund. The bill prohibits depositing to the revolving fund any money that is dedicated for another purpose, including money that is required to be used for public roadways by the Texas Constitution or federal law, and requires interest earned on the money in the fund to be credited to the fund.

H.B. 880 authorizes money in the revolving fund to be used only to provide financing, including

loans, to foster and stimulate the development of disadvantaged businesses that are identified as such under TxDOT's disadvantaged business program and for the purposes of that program, particularly to help remove barriers to the participation of disadvantaged businesses in TxDOT contracts and to assist the development of those businesses so that they are able to compete successfully in the marketplace without program assistance. The bill requires financing from the revolving fund to be on terms and conditions that TxDOT determines to be reasonable, appropriate, and consistent with the purposes and objectives of the bill's provisions and the disadvantaged business program.

H.B. 880 requires the commission to adopt rules governing the terms and conditions of the financing, specifically including requirements for appropriate security or collateral, equity interest, and the rights and remedies of TxDOT in the event of a default on a loan. The bill requires the rules to include a requirement that applicants report to TxDOT on the use of money distributed from the fund. The bill establishes that a claim of the state for a payment owed to the state by a person who has been provided financing under the bill's provisions is considered a state debt for purposes of the prohibition against state payments to debtors or delinquents.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.