

SUBJECT: Prohibiting payments to contractors who owe the state

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 14 ayes — Wolens, S. Turner, Alvarado, Bailey, Brimer, Counts, Craddick, Danburg, Hilbert, Hunter, Longoria, Marchant, McCall, Merritt

0 nays

1 absent — D. Jones

SENATE VOTE: On final passage, Local and Uncontested Calendar, April 8 — 30-0

WITNESSES: None

BACKGROUND: Under section 403.055 of the Government Code, the comptroller is prohibited from issuing a warrant for the payment of a person who is indebted to the state or owes delinquent state taxes. A state agency may not use any funds to pay a person indebted to the state or who owes delinquent state taxes.

DIGEST: SB 583 would require that before a state agency could sign a contract for goods or services, the agency would have to verify with the Comptroller's Office whether the contractor was prohibited from receiving a state warrant. If the comptroller found that the contractor owed money or delinquent taxes to the state, SB 583 would require that a clause be included in the agency contract stating that payments made under the contract first would be applied towards the debt or delinquent taxes until paid in full.

The bill would allow the comptroller to adopt rules to administer the program.

SB 583 would take effect September 1, 1999.

SUPPORTERS SAY: This legislation would ensure that individuals wanting to do business with the state would pay off their debts or delinquent taxes before receiving payment under a state contract. It also would help ensure that state contractors were made aware from the start of the prohibition against receiving money from the state until such debts were paid in full.

This bill would not prevent a contractor from bidding for state business or entering into a state contract. It simply would ensure that agencies would not pay contractors who were ineligible to receive money from the state.

The contractor would be allowed to receive payments under the contract as soon as the delinquency or indebtedness was remedied either by the contractor directly or by using the payments from the contract to pay off the debt. The Comptroller's Office has provisions in place to protect contractors in the event of an error or situation where tax delinquency or debt had been improperly reported. The contractor would be repaid any amounts withheld under this law. Under new rules adopted by the Comptroller's Office this year, the amounts repaid would earn interest until they were repaid.

The Comptroller's Office is capable of handling the volume of requests for this information. Including this information in the contract would not make public any information that is not already a public record.

OPPONENTS
SAY:

No apparent opposition.