

- SUBJECT:** Expanding circumstances for DIR to negotiate IT cooperative contracts
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 13 ayes — Paddie, Hernandez, Deshotel, Harless, Howard, Hunter, P. King, Lucio, Metcalf, Raymond, Shaheen, Slawson, Smithee
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Bill Kelly, City of Houston Mayor's Office; Hope Osborn, Texas 2036; Thomas Parkinson)
- Against — None
- On — (*Registered, but did not testify:* Hershel Becker, Texas Department of Information Resources)
- BACKGROUND:** Government Code sec. 2157.068 requires the Department of Information Resources (DIR) to negotiate with vendors to obtain the best value for the state in the purchase of commodity items. "Commodity items" means commercial software, hardware, or technology services that are generally available to businesses or the public and for which DIR determines that a reasonable demand exists in two or more state agencies.
- Entities other than state agencies are allowed to purchase commodity items through DIR, including political subdivisions, governmental entities of other states, private schools and institutions of higher education, volunteer fire departments, hospitals, and public safety entities.
- Under sec. 2157.182, preapproved contract terms and conditions to which a vendor, the comptroller, and DIR agree are valid for two years and must be renegotiated before the end of the two years.
- DIGEST:** HB 1380 would expand the circumstances under which the Department of Information Resources could negotiate with vendors to obtain the best value for the purchase of commodity items. Under the bill, DIR could take

such action when a reasonable demand existed from two or more customers, rather than two or more state agencies. Customers could include state agencies, political subdivisions, governmental entities of another state, and other listed entities that purchased items through DIR.

Under the bill, the preapproved terms and conditions to which a vendor, the comptroller, and DIR agreed would be valid for the duration of the initial contract, rather than for two years, and could be renegotiated at any time before the contract expired.

The bill would take effect September 1, 2021.

**SUPPORTERS
SAY:**

HB 1380 would enhance the Department of Information Resource's (DIR) cooperative contracts purchasing program by allowing DIR to expand the discounted products it offered and generate additional state revenue.

Under current law, a list of eligible customers, including local governments, institutions of higher education and public schools, and governmental entities from another state, may purchase IT products and services that DIR has pre-negotiated at a discounted rate through its cooperative contracts program. However, DIR only can offer products and services in demand by two or more state agencies, limiting the products and services offered through the program. For example, some products may appeal to other eligible customers but appeal to only one state agency, and under current law DIR could not offer these products since the demand did not come from more than one state agency.

In addition, the bill would allow DIR to renegotiate contracts in the cooperative contracts program at any time, which would allow contract terms to be updated with changing cybersecurity, state agency, and legislative requirements.

**CRITICS
SAY:**

No concerns identified.