

## **BILL ANALYSIS**

Senate Research Center

H.B. 2179  
By: Lewis, Ron (Galloway)  
Intergovernmental Relations  
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Engrossed

### **DIGEST**

Currently, counties are allowed to avoid complying with competitive bidding requirements when paying for construction or maintenance contracts from the proceeds from anticipation notes. Anticipation notes, like certificates of obligation, are considered debt. There are concerns that when counties contract for construction, the taxpayers bear the burden when initial cost estimates are exceeded. This bill requires counties to comply with competitive bidding requirements in Chapter 271, Local Government Code, even when financing projects through anticipation notes.

### **PURPOSE**

As proposed, H.B. 2179 sets forth provisions for competitive bidding in connection with certain contracts made by counties.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 262.023(b), Local Government Code, to provide that contracts for which payment will be made through anticipation notes are subject to the competitive bidding provisions of the Certificate of Obligations Act of 1971 (Subchapter C, Chapter 271) in the same manner as certificates of obligation.

SECTION 2. Amends Section 262.024(a), Local Government Code, to provide that a contract for the purchase of any individual work performed and paid for by the day, as the work progresses, provided that no individual is compensated under this subsection for more than 20 working days in any three-month period is exempted from the requirement established by Section 262.023 under certain conditions.

SECTION 3. Amends Section 6, Article 717w, V.T.C.S., by adding Subsection (h), to require a county to comply with the competitive bidding requirements of Chapter 271C, Local Government Code, in connection with certain contracts.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Emergency clause.