

BILL ANALYSIS

Senate Research Center

S.B. 1661
By: Shapiro
State Affairs
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As Filed

DIGEST

Currently, when a municipality coordinates with the Texas Department of Transportation (department) on a highway project, the municipality is required to contribute a percentage of the project's cost, with the department funding the remaining portion. On top of a municipality's project contribution, the municipality is required to pay indirect costs at a rate of five percent to eight percent of the municipality's contribution. Indirect costs are incidental costs such as electricity bills and payroll services and are on top of usual project costs like labor and concrete. In a situation in which a municipality can barely come up with a 20 percent match, the municipality is hindered further by having to come up with additional money for indirect costs. This bill removes the department's ability to charge indirect costs to entities with whom they contract. This places more burden on the department to pay indirect costs; however, since municipalities will not have to pay the costs, the municipality will be able to contribute more project costs, thereby freeing up dollars for the department's future projects.

PURPOSE

As proposed, S.B. 1661 provides that the application of the indirect cost recovery program does not apply to certain indirect costs of the Texas Department of Transportation.

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 Chapter 2106, Government Code, by adding Section 2106.008, as follows:

Sec. 2106.008. NONAPPLICABILITY TO CERTAIN AGREEMENTS. Provides that this chapter does not apply to indirect costs of the Texas Department of Transportation (department) associated with an agreement entered into by the department with another agency of this state or a local governmental entity, if the agreement relates to certain matters.

SECTION 2. Emergency clause.

Effective date: upon passage.