

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1661

By: Shapiro

State Affairs

4-25-97

Committee Report (Substituted)

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 authorizes the executive director of the department to remove the department's ability to charge indirect costs to entities with whom they contract. By placing a greater burden on the department to pay indirect costs, C.S.S.B. 1661 enables municipalities to contribute more project costs, thereby freeing up dollars for the department's future projects.

PURPOSE

As proposed, C.S.S.B. 1661 provides for the recovery of certain indirect costs by 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. INDIRECT COSTS ASSOCIATED WITH CERTAIN TEXAS DEPARTMENT OF TRANSPORTATION AGREEMENTS. Authorizes the executive director of the Texas Department of Transportation (department) to waive the application of this chapter to indirect costs of the 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.

SUMMARY OF COMMITTEE CHANGES

Amends the relating clause to delete the reference to the application of the indirect cost recovery program.

SECTION 1.

Amends Section 2106.008, Government Code, to change the heading and to authorize the executive director of the department to waive the application of this chapter to the department's indirect costs, rather than providing that this chapter does not apply to the department's indirect costs.