

## **BILL ANALYSIS**

Senate Research Center  
76R4657 DRH-D

S.B. 1823  
By: Truan  
State Affairs  
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As Filed

### **DIGEST**

Currently, a financial surety is required by agencies that issues bids for contracts. The surety protects the agency from a default of a company to which an agency has awarded a contract. All agencies, except the Texas Department of Transportation (TxDOT), accept either a bond, such as insurance, or a cashier's check that is equal to 5 percent of the bid cost to defray the cost if a bidder defaults. TxDOT accepts only a cashier's check. As a result, small contractors have difficulty calling up adequate cash resources to reserve in order to supply the cashier's check. S.B. 1823 would amend the form of a proposal guaranty for a contract of TxDOT.

### **PURPOSE**

As proposed, S.B. 1823 amends the form of a proposal guaranty for a contract 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 223A, Transportation Code, by adding Section 223.014, as follows:

Sec. 223.014. FORM OF PROPOSAL GUARANTY. Authorizes a guaranty to be in certain monetary forms if the Texas Department of Transportation requires, by rule, a proposal guaranty as a condition of bidding for a contract.

SECTION 2. Effective date: January 1, 1999.

SECTION 3. Emergency clause.