

BILL ANALYSIS

Senate Research Center

S.B. 514
By: Ogden
Infrastructure
3/5/1999
As Filed

DIGEST

Currently, the Texas Department of Transportation (TXDOT) may establish an electronic bidding system which eliminates the need for contractors to manually deliver their bids. Electronic bidding is expected to reduce errors in the bids, thereby reducing the number of disqualified bids, and increasing the choices TXDOT is able to consider.

The required submission of an actual bid guaranty check before the bid deadline is a hindrance to the successful initiation of an electronic bidding system. TXDOT needs statutory authorization to allow the submission of the accompanying bid guaranty in an electronic format. This bill would create rules and provisions for the deposit and investment of bid guaranties.

PURPOSE

As proposed, S.B. 514 sets forth requirements for the Texas Transportation Commission and the Texas Department of Transportation regarding the deposit and investment of bid guaranties.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Transportation Commission in SECTION 1 (Section 223.014(a), Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 223A, Transportation Code, by adding Sections 223.014 and 223.015, as follows:

Sec. 223.014. BID GUARANTY. Requires the Texas Transportation Commission (TTC) to adopt rules on the method by which a bidder submits a bid guaranty. Authorizes the rules to authorize the utilization of various financial transfer options. Authorizes the Texas Department of Transportation (TXDOT) to require certain payments for the use of a credit card. Authorizes TXDOT to establish multiple escrow accounts in the state highway fund for prepayment of bid guaranties. Requires TXDOT administrative fees related to this subsection to be administered in compliance with TXDOT terms and conditions. Requires TXDOT to deposit administrative fees to the credit of the state highway fund, and limits the purposes for which the fees may be appropriated.

Sec. 223.015. DEPOSIT AND INVESTMENT OF BID GUARANTY. Authorizes TXDOT to authorize the use of a trust account to provide a required bid guaranty. Sets forth provisions for the guaranty's trust agreement to be prescribed by TXDOT. Requires interest from the trust agreement to be paid to the bidder. Provides that the financial institution is responsible for guaranty amounts until released by the trust agreement. Sets forth payments that are the responsibility of the bidder. Prohibits the expenses from being included in the bid or from being the state's responsibility. Sets forth requirements and provisions under which the financial institution makes certain investments. Provides that the trust agreement will specify the method for the financial institution to provide required information.

SECTION 2. Emergency clause.
Effective date: upon passage.