

## **BILL ANALYSIS**

Senate Research Center  
77R6638 BDH-D

S.B. 1518  
By: Lucio  
State Affairs  
4/5/2001  
As Filed

### **DIGEST AND PURPOSE**

A reverse auction allows multiple sellers to bid to provide goods or services electronically with the price falling from bid to bid. The buyer awards the contract to the lowest bidder at the end of the auction. According to the attorney general, reverse auctions are not permissible under current law and statutory authority is required. As proposed, S.B. 1518 authorizes the General Services Commission to use reverse auctions as one purchasing method and specifies that the use of reverse auctions satisfies any law requiring competitive bidding in state purchases. S.B. 1518 also specifies which commodities purchased for or by the Texas Department of Transportation are required to be purchased by reverse auctions. S.B. 1518 establishes the percentages of those commodities, ranging from 10 to 50 percent, that would be purchased using reverse auctions for fiscal years 2002 through 2006.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2155.062(a), Government Code, to authorize the commission, in purchasing goods and services, to use the reverse auction procedure.

SECTION 2. Amends Chapter 2155B, Government Code, by adding Section 2155.0635, as follows:

Sec. 2155.0635. REVERSE AUCTION. Provides that the reverse auction procedure satisfies any law requiring competitive bidding in state purchases. Provides that this section applies to competitive bidding requirements in this subtitle and in any other state law.

SECTION 3. Requires certain goods purchased by the Texas Department of Transportation or on behalf of the department by the General Services Commission to be purchased using the reverse auction procedure and in accordance with the schedule under this section. Sets forth a schedule for purchasing goods identified by the section.

SECTION 4. Effective date: upon passage or September 1, 2001.

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