

BILL ANALYSIS

Senate Research Center
80R12283 ATP-D

H.B. 1764
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Intergovernmental Relations
5/12/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, for purchases under a contract of more than \$25,000 and in which payment will be made through current funds or bonds or through time warrants, counties are required to use certain procurement procedures. Among the eligible procurement procedures for counties to use is a design-build contract. Design-build contracts allow the county and architect or engineer to work together on the construction of a facility from the beginning stages of the project. However, contracts for which payment will be made through anticipation notes are governed by the competitive bidding provisions of the Certificate of Obligation Act of 1971 and are prohibited from using design-build provisions.

H.B. 1764 authorizes counties to utilize certain alternative procurement procedures, including design-build contracts, for contracts of more than \$25,000 in which payment will be made through anticipation notes. This bill provides a cap for the amount of the anticipation notes that can be issued.

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 262.023, Local Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Provides that the requirements established by Subsection (a) apply to contracts for which payment will be made from current funds or bond funds or through anticipation notes authorized by Chapter 1431 (Anticipation Notes), Government Code, or time warrants. Deletes existing text providing that contracts for which payment will be made through anticipation notes are subject to the competitive bidding provisions of The Certificate of Obligation Act of 1971, Subchapter C (Certificate of Obligation Act), Chapter 271, Local Government Code, in the same manner as certificates of obligation.

(b-1) Prohibits a county that complies with a method described by Subchapter H (Alternative Project Delivery Methods for Certain Projects), Chapter 271, as provided by Subsection (a)(3), to enter into a contract for which payment will be made through anticipation notes authorized by Chapter 1431, Government Code, from issuing anticipation notes for the payment of that contract in an amount that exceeds the lesser of 20 percent of the county's budget for the fiscal year in which the county enters into the contract, or \$10 million.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2007.