

BILL ANALYSIS

Senate Research Center
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S.B. 327
By: Van de Putte, Davis
Government Organization
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill would amend Chapter 2155 (Purchasing: General Rules and Procedures), Government Code, regarding state purchasing and historically underutilized businesses (HUBs) and small businesses. The bill would add a veterans service agency to the definition of a "small business," and define veterans service agency as a community-based organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986. Provided that the veterans service agency has as its primary purpose the provision of housing, substance abuse treatment, case management services, and employment training to low-income veterans, disabled veterans, and homeless veterans and their families, and that it employs veterans to provide at least 75 percent of the hours of direct labor by individuals required to produce goods or provide services, the veterans service agency is eligible to be defined as a small business.

S.B. 327 adds a veterans service agency to the group that is eligible to act as a dealer for a Texas Multiple Award Schedule (TXMAS) contract. The TXMAS program focuses on the federal contracts put in place by the United States General Services Administration (GSA). GSA creates a schedule of contracts for federal agencies to use. Chapter 2155 allows the State of Texas to create state contracts from these GSA contracts. No further competition or solicitation is required.

In a typical situation to reach a state term contract, the State of Texas issues a request for proposals, solicits responses from vendors, including HUB vendors, and awards to the best value vendors. For the TXMAS program, this competitive process is handled by the GSA.

Within the TXMAS program, there are a few commodities, like furniture, that have dealers handling the customers, instead of the supplier that holds the TXMAS contract.

Currently, the law allows HUB vendors to be added to the TXMAS contract as dealers, even if the underlying federal contract does not include them as such. S.B. 327 will include veteran service agencies as entities that may act as dealers, regardless of the underlying contract.

This addition does not affect the HUB program or change the HUB eligibility requirements. TXMAS contractors are able to add dealers to their underlying federal contract fairly easily already. Therefore, adding them to the TXMAS contract is similarly simple. S.B. 327 streamlines the process to add veteran service agencies, as it already does for HUBs. State agencies will then be able to order TXMAS products through any dealer authorized by the TXMAS supplier.

As proposed, S.B. 327 amends current law relating to including certain veterans service organizations as small businesses for the purpose of state contracting.

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 2155.505(a), Government Code, by amending Subdivision (2) and adding Subdivision (3), as follows:

(2) Redefines "small business" to mean a small business concern as defined by regulations of the United States Small Business Administration in 13 C.F.R. Section 121.201 or a veterans service agency.

(3) Defines "veterans service agency" to mean a community-based organization that is exempt from taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described in Section 501(c)(3) of that code; that has as its principle purpose to provide housing, substance abuse treatment, case management services, and employment training to low-income veterans, disabled veterans, and homeless veterans and their families; and that employs veterans to provide at least 75 percent of the hours of direct labor by individuals required to produce goods or provides services required under a contract entered into under this section.

SECTION 2. Makes application of Section 2155.505(a), Government Code, as amended by this Act, prospective to September 1, 2011.

SECTION 3. Effective date: upon passage or September 1, 2011.