

## **BILL ANALYSIS**

Senate Research Center

H.B. 1810  
By: Giddings (Huffines)  
Criminal Justice  
5/20/2015  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Texas Correctional Industries (TCI) operates as a department within the Texas Department of Criminal Justice (TDCJ), and operates under two main objectives from the Government Code: provide offenders with marketable job skills to help reduce recidivism, and reduce the agency's costs. To meet these objectives, TCI programs train and employ approximately 5,000 incarcerated offenders to manufacture goods and perform services to sell to governmental entities. TDCJ reports that the longer these offenders work in these programs prior to release, the less likely they are to recidivate.

Under current law, TCI may generally sell goods and services only to certain governmental entities, and may not sell goods or services in the open market to current or retired state employees, or to most private businesses, including private prison vendors that are under contract with TDCJ. According to the recently released Government Effectiveness and Efficiency Report (GEER) from the Legislative Budget Board, these statutory restrictions impede the TCI programs from achieving their potential.

H.B. 1810 amends Government Code sections to authorize TCI to sell goods and services to and contract with private prison vendors with whom TDCJ contracts, except in instances in which Texas-based businesses are already selling similar goods or services to private vendors. This bill also amends statute to authorize TCI to sell goods and services to current and retired state employees. The GEER projects that amending current law would result in additional annual sales revenue of more than \$2.9 million in general revenue funds. Furthermore, these funds would be appropriated to the TDCJ to cover the costs of goods and services sold. By selling to new markets, TCI will be able to generate more revenue and free up funding for other uses within the agency.

H.B. 1810 amends current law relating to the sale of prison-made products to certain persons.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Board of Criminal Justice in SECTION 3 (Section 497.025, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 497.021, Government Code, to provide that this subchapter governs the sale of prison-made products, rather than the sale of prison-made products to governmental agencies.

SECTION 2. Amends Section 497.022, Government Code, as follows:

Sec. 497.022. CONTRACTS. Authorizes the Texas Department of Criminal Justice (TDCJ) to contract with:

- (1) Makes no change to this subdivision;
- (2) Makes a nonsubstantive change to this subdivision;

(3) a private vendor that contracts with TDCJ under Chapter 495 (Contracts for Correctional Facilities and Services) to manufacture for or sell to that private vendor prison-made articles or products;

(4) an employee or retired employee of a state agency, as defined by Section 2052.101 (Definition), to sell to that employee or retired employee prison-made articles or products; or

(5) Creates this subdivision from existing text and makes no further change to this subdivision.

SECTION 3. Amends Section 497.025, Government Code, by adding Subsections (d), (e), and (f), as follows:

(d) Requires the Texas Board of Criminal Justice (TBCJ) to adopt rules and develop best practices governing the purchase of articles and products under this subchapter by a private vendor that contracts with TDCJ under Chapter 495, provided that:

(1) the articles and products may be shipped or used only in this state and may not be resold or transferred to another facility in this state that is not operating under a contract with TDCJ at the time of the transfer; and

(2) Texas Correctional Industries (TCI) is prohibited from selling articles and products to a private vendor if the private vendor currently purchases the articles or products from a private business that has its primary place of business in this state.

(e) Requires TBCJ to:

(1) for the purpose of verifying compliance with this subchapter, require a private vendor described by Subsection (d) to identify the businesses with whom the vendor currently purchases the same or similar items for the preceding 12 months before placing an order with TCI; and

(2) report any savings realized by a private vendor described by Subsection (d) under this subchapter to the legislature in TDCJ's annual fiscal year review.

(f) Requires TBCJ to adopt rules governing the purchase of articles and products under this subchapter by an employee or retired employee of a state agency, as defined by Section 2052.101. Requires that the rules provide that articles and products may be shipped and used only in this state and are prohibited from being resold. Requires TDCJ, in adopting the rules, to determine:

(1) the articles and products available for purchase;

(2) the minimum quantity or price of an order;

(3) the delivery and production schedule; and

(4) any other factors relevant to ensuring that TCI is not impeded in effectively meeting the purposes of this subchapter.

SECTION 4. Amends Section 497.028, Government Code, to require TCI to send copies of the catalogs to all state agencies and make the catalogs available to political subdivisions, private vendors that contract with TDCJ under Chapter 495, and employees and retired employees of state agencies, as defined by Section 2052.101.

SECTION 5. Requires TBCJ, not later than August 31, 2016, to adopt rules as required by Sections 497.025(d) and (f), Government Code, as added by this Act.

SECTION 6. Effective date: September 1, 2015.