

BILL ANALYSIS

Senate Research Center
85R5787 YDB-F

C.S.S.B. 262
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Business & Commerce
4/19/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the so-called “cooperative contracts” program, the Department of Information Resources leverages state agencies’ collective buying power by negotiating contracts for the bulk purchase of information technology commodities, such as computers, based on the anticipated needs of multiple state agencies. Once the cooperative contract is negotiated, the individual state agencies can place orders directly with the contracted vendors under the existing contract, typically at a deep discount relative to what the agency would have been able to secure in the open market.

The program generally is very good for the State, but, in 2016, two problems were identified: First, audits revealed that, by not seeking multiple bids from existing cooperative contractors, agencies frequently deprived themselves of the best price or value available. Second, there was no centralized oversight of vendor performance, as the agency negotiating the contracts—DIR—was not the agency taking possession of deliverables. The first of these issues was addressed in a bill last session, but the problem of a lack of central oversight for cooperative contracts persists. S.B. 262 would remedy this by requiring that DIR monitor and verify purchase reports submitted by vendors under the cooperative contracts program. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 262 amends current law relating to certain purchasing by state agencies and local governments.

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 2157.068, Government Code, by adding Subsection (k), as follows:

(k) Requires the Department of Information Resources (DIR), in cooperation with state agencies, to, with respect to the purchase of commodity items included in the list maintained under Subsection (e) (relating to requiring DIR to compile a list of certain commodity items available for purchase through DIR):

- (1) periodically assess the risk to this state in the purchase of those commodity items; and
- (2) based on that risk assessment and as DIR considers necessary to ensure accuracy, monitor and verify the purchase transaction reports of the monthly sales of those commodity items submitted by vendors in accordance with DIR requirements.

SECTION 2. Amends Section 2155.504(a), Government Code, as follows:

(a) Authorizes a state agency or local government, except as provided by this subsection, to purchase goods or services directly from a vendor under a contract listed on a schedule

developed under this subchapter. Requires a state agency or local government contracting for the purchase of an automated information system to comply with Section 2157.068(e-1) (relating to certain value amounts determining how a state agency contracts to purchase a commodity item). Provides that a purchase authorized by this section satisfies any requirement of state law relating to competitive bids or proposals. Deletes existing text providing that a purchase authorized by this section satisfies any requirement of state law relating to competitive bids or proposals and satisfies any applicable requirements of Chapter 2157 (Purchasing: Purchase of Automated Information Systems).

SECTION 3. Provides that the changes in law made by this Act apply only in relation to a contract for which a state agency or local government first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act; that is extended or modified on or after the effective date of this Act; or for which a change order is submitted on or after the effective date of this Act.

SECTION 4. Effective date: September 1, 2017.