

## **BILL ANALYSIS**

C.S.H.B. 2493  
By: Isett  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The 76th legislative session amended Section 271.905 of the Local Government Code, which allowed a county with a population of 400,000 or less; municipalities with population of less than 200,000 or less; or another political subdivision authorized to purchase real or personal property, to award a bid to a certain local bidder if the bid is within a certain percentage of the lowest bid price.

HB 2493 would increase the amount of purchasing discretion for local preference in municipal and school district purchases, from 3% to 5%; and expand the discretion to include contracts for services; examples of services that would be affected by this change are building maintenance services, pest control services, security services, etc. (but would excluded professional services as defined by the Professional Services Act). This bill would primarily provide a municipality or school district with the best combination of contract price and best value considerations, while helping to increase tax dollars in the local economy, while also increasing local employment and tax revenue.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1 amends Section 271.905 (b) of the Local Government Code to add the word "services" which are defined as non-professional services by CHAPTER 2254. Professional and Consulting Services Local Government Code 2254 and replace three percent (3%) with five percent (5%). Strikes the language of reference to school districts. Also municipality population has increased to 225,000.

SECTION 2 amends Section 44.031, Education Code by adding subsection (b-1) which allows a school district to consider local preference (a bidder's or offeror's principal place of business) in the awarding of a contract..

SECTION 3 amends Section 44.033, Education Code by amending Subsection (c) and adding Subsection (f). Subsection (c) disallows school districts to use local preference. Subsection (f) would allow school districts to use the local preference criteria in awarding a contract as prescribed in section 271.905, Local government Code.

SECTION 4. Sets effective date.

### **EFFECTIVE DATE**

September 1, 2003 and applies only to any initial notice soliciting bids or proposals given on or after that date. Contracts which initial notices were given to prior to that date is governed by the law in effect prior to passage of this law.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute defines "local government" as a municipality with population of 225,000 or less, or a county with a population of 400,000 or less, or another political subdivision authorized under this title to purchase real property or personal property that is not affixed to real property, where the original does not. The substitute expands the definition of the word "services" as used in the original to mean all services other than professional services (as defined in Chapter 2254, Professional and Consulting Services, Local

Government Code 2254--not cited in the body of the original or substitute). The substitute includes Section 271.905 (a) and strikes the language referencing the exclusion of school districts and thus including school districts which are also in a municipality with population of 225,000 or less, or a county with a population of 400,000 or less, or another political subdivision authorized under this title to purchase real property or personal property that is not affixed to real property. The original made no direct reference to the inclusion or exclusion of school district, and was thus ambiguous.