

1-1 By: Parker, Burkett, Guerra (Senate Sponsor - West) H.B. No. 3014
 1-2 (In the Senate - Received from the House April 28, 2015;
 1-3 May 4, 2015, read first time and referred to Committee on Business
 1-4 and Commerce; May 18, 2015, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
 1-6 May 18, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9			X	
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 3014 By: Huffines

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the administration of "pay for success" contracts for
 1-22 state agencies.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter G, Chapter 403, Government Code, is
 1-25 amended by adding Section 403.110 to read as follows:

1-26 Sec. 403.110. SUCCESS CONTRACT PAYMENTS TRUST FUND. (a)
 1-27 The success contract payments trust fund is established as a trust
 1-28 fund outside the state treasury with the comptroller as trustee.

1-29 (b) The trust fund is established to provide a fund from
 1-30 which the comptroller as trustee may make success contract payments
 1-31 due in accordance with the contract terms without the necessity of
 1-32 an appropriation for the contract payment.

1-33 (c) The trust fund consists of money appropriated for
 1-34 deposit to the credit of the trust fund and any interest or other
 1-35 earnings attributable to the trust fund. The comptroller shall hold
 1-36 money credited to the trust fund for use only for payments due in
 1-37 accordance with success contract terms and expenses incurred in
 1-38 administering the trust fund or in administering the success
 1-39 contracts for which the trust fund is established. The balance of
 1-40 the trust fund may not exceed \$50 million at any time. The
 1-41 comptroller may establish in the trust fund one or more accounts to
 1-42 administer money for a particular success contract for which money
 1-43 has been credited to the trust fund.

1-44 (d) Notwithstanding any other law, a state agency and the
 1-45 comptroller jointly may enter into a success contract with any
 1-46 person the terms of which must include:

1-47 (1) that a majority of the contract payment is
 1-48 conditioned on the contractor meeting or exceeding certain
 1-49 specified performance measures toward the outcome of the contract's
 1-50 objectives;

1-51 (2) a defined objective procedure by which an
 1-52 independent evaluator is to determine whether the specified
 1-53 performance measures have been met or exceeded; and

1-54 (3) a schedule of the amounts and timing of payments to
 1-55 be earned by the contractor during each year or other specified
 1-56 period of the contract that indicates the payment amounts
 1-57 conditioned on meeting or exceeding the specified performance
 1-58 measures.

1-59 (e) The comptroller and a state agency may not finally
 1-60 execute a proposed success contract under this section unless:

2-1 (1) the state agency and the Legislative Budget Board
2-2 certify that the proposed contract is expected to result in
2-3 significant performance improvements and significant budgetary
2-4 savings for the state agency or agencies party to the contract if
2-5 the performance targets are achieved; and

2-6 (2) the legislature has appropriated for deposit to
2-7 the credit of the trust fund, contingent on the execution of the
2-8 contract, an amount of money necessary to administer the contract
2-9 and make all payments that may become due under the contract over
2-10 the effective period of the contract.

2-11 (f) The comptroller shall make the contract payments for the
2-12 success contracts only from the trust fund and only in accordance
2-13 with the terms of the success contracts. The comptroller shall
2-14 deposit to the credit of the trust fund any money the comptroller
2-15 recovers from a contractor for overpayment or for a penalty or other
2-16 amount recoverable under the terms of a success contract and shall
2-17 hold the money in the trust fund in the same manner as the money held
2-18 for payments for the success contract. To the extent that any money
2-19 credited to the trust fund for a particular success contract
2-20 remains unpaid at the time the particular contract expires or is
2-21 terminated, as soon after the contract expiration as is
2-22 practicable, the comptroller shall return the unpaid amount to the
2-23 state treasury fund or account from which the money was
2-24 appropriated.

2-25 (g) Each state agency shall provide to each legislature not
2-26 later than the first day of the regular legislative session a report
2-27 that:

2-28 (1) provides details about the success in achieving
2-29 the specified performance measures of each success contract the
2-30 state agency has entered into under this section that has not
2-31 expired or been terminated or that expired or was terminated since
2-32 the date of the preceding report under this subsection; and

2-33 (2) provides details about proposed success contracts
2-34 that the state agency has not executed at the time of the report.

2-35 (h) The comptroller may adopt rules as necessary to
2-36 administer this section or success contracts entered into under
2-37 this section, including joint rules adopted with other agencies
2-38 that may be party to success contracts under this section.

2-39 SECTION 2. This Act takes effect September 1, 2015.

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