

## **BILL ANALYSIS**

C.S.H.B. 4437  
By: Walle  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Certain counties currently use local preference policies with respect to contracting and purchasing. These policies can yield several benefits as they allow local bidders to provide the best combination of contract price and additional economic development opportunities, including the employment of local residents and increased tax revenues to the local government. However, counties such as Harris County are not statutorily authorized to implement these preference policies with respect to construction contracting and services. C.S.H.B. 4437 seeks to address this issue by authorizing Harris County to consider the location of a prospective contractor's principal place of business when contracting for services or for the construction, repair, or renovation of a structure, road, highway, or other improvement or addition to real property.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

C.S.H.B. 4437 amends the Local Government Code to authorize a county with a population of more than 3.3 million to award a contract for services or for the construction, repair, or renovation of a structure, road, highway, or other improvement or addition to real property to a bidder whose principal place of business is in the county under the following conditions:

- the bid or proposed price submitted by the bidder is within three percent of the lowest bid or proposed price received by the county from a bidder with the ability to perform the contract that does not have a principal place of business in the county; and
- the commissioners court determines, in writing, that the bid or proposal of the bidder offers the county the best combination of the following:
  - contract price;
  - ability to perform the contract; and
  - additional economic development opportunities for the county created by the contract award, including the employment of county residents and increased tax revenues to the county.

The bill's provisions expressly do not prohibit such a county from rejecting all bids.

### **EFFECTIVE DATE**

September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 4437 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the type of entity to whom a county may award a contract under the bill's provisions from an entity with a permanent business presence in the county to a bidder whose principal place of business is in the county and makes a related change in the conditions under which the contract may be awarded.

The substitute includes a provision not in the original establishing that the bill's provisions do not prohibit a county from rejecting all bids.

The substitute changes the original's effective date from on passage or September 1, 2021, if the bill does not receive the necessary vote for immediate effect to September 1, 2021.