

- SUBJECT:** Raising port commission dollar threshold for taking bids
- COMMITTEE:** Natural Resources — favorable, without amendment
- VOTE:** 7 ayes — Counts, Yost, King, R. Lewis, Puente, Stiles, Walker
1 nay — Corte
1 absent — Combs
- WITNESSES:** For — Pat Younger, Texas Ports Association.
Against — None
- BACKGROUND:** Port commissions that govern navigation districts or port authorities are allowed by Water Code sec. 60.403 to make routine purchases and contracts of up to \$10,000. Water Code sec. 60.406 requires that when purchases or contracts exceed \$15,000 the competitive bidding process must be used.
- DIGEST:** HB 1900 would set the threshold for port commissions having to take competitive bids for purchases or contracts at \$25,000 in both sections of the Water Code. The bill would take immediate effect if approved by two-thirds of the membership of each house.
- SUPPORTERS SAY:** Most contracts and equipment involved in projects for port commissions cost over \$15,000, and having to go through the competitive bidding process for every purchase causes unnecessary delays and loss of revenues to the counties where navigation districts are established.
- Ports are charged for delaying ships, and bidding delays can be expensive. For example, if a motor on machinery or a grain elevator fails, the price to replace the parts, etc., may be more than \$15,000, which under current law triggers the need for bids. This can delay a project or contract for as long as three or four months. Raising the threshold amount to \$25,000 without bidding would allow a more efficient and timely process to complete important and urgent projects.
- This bill could help minority-owned and women-owned businesses that have generally not been involved in the formal bidding process because the time frame of the bidding process can be a burden on small businesses.

Purchasing agents would have more flexibility to award contracts to women-owned and minority-owned businesses under the higher threshold.

The bill would also correct a gap left in current statutes that allows non-bid purchases up to \$10,000 but only require bids on purchases of \$15,000 or more.

**OPPONENTS
SAY:**

The \$15,000 threshold for bidding is adequate and should not be changed. The requirements in law for taking bids when spending public funds are reasonable and fair and create ample opportunities for any business that chooses to offer a service or product to these government entities. This bill could lead to favoritism for certain businesses, which is unfair even if the intention of the favoritism is to help allegedly underutilized businesses.

NOTES:

The companion bill, SB 880 by Gallegos, was referred to the Senate Natural Resources Committee.