

- SUBJECT:** Providing school districts with a new option to purchase electricity
- COMMITTEE:** Public Education — committee substitute recommended
- VOTE:** 6 ayes — Grusendorf, Oliveira, Branch, Eissler, Hochberg, Madden
0 nays
3 absent — Dawson, Dutton, Griggs
- WITNESSES:** For — Cathy Douglass, Texas Association of School Boards; David Thompson, Texas Association of School Administrators
Against — None
- BACKGROUND:** Education Code, sec. 44.031(a) specifies nine methods, such as competitive bidding or an interlocal contract, by which a school district can enter into a contract worth \$25,000 or more for one year, except for contracts to buy produce or vehicle fuel. Local Government Code, sec. 304.001 allows political subdivisions to band together to form a political subdivision corporation to act as an agent in negotiating the purchase of electricity.

In Opinion No. JC-0492 (April 2002), Attorney General John Cornyn concluded that a school district could not join a political subdivision corporation for the purchase of electricity because Education Code, sec. 44.031(a) does not include that option among the exclusive list of methods by which a school district may enter into a contract worth \$25,000 or more.
- DIGEST:** CSHB 2528 would add formation of a political subdivision corporation to the list of methods by which a school district could enter into a one-year contract worth \$25,000 or more. It also would amend Local Government Code, sec. 304.001 by adding school districts to the list of entities considered to be political subdivisions.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

- SUPPORTERS SAY:** CSHB 2528 would allow a school district to join a political subdivision corporation for the purchase of electricity. Such an approach would result in lower electricity rates for the school district. By combining the purchasing power of a number of public entities, a political subdivision corporation negotiates better electricity rates for its members than they could obtain independently. Currently, an attorney general opinion prevents school districts from joining political subdivision corporations. CSHB 2528 would make it clear that a school district could join such a corporation, enabling schools to share in the benefits of a competitive electricity market.
- OPPONENTS SAY:** No apparent opposition.
- NOTES:** The committee substitute would amend Education Code, sec. 44.031(a) to list joining a political subdivision corporation among a school district's contract options. As filed, HB 2528 would have added a separate subsection stating that the entire section would not apply to a contract to buy electricity through the use of a political subdivision corporation formed by the school district.
- The companion bill, SB 687 by West, passed the Senate on May 5 by voice vote and has been referred to the House Public Education Committee.