

- SUBJECT:** Authority of the Railroad Commission to make certain purchases
- COMMITTEE:** Energy Resources — favorable, without amendment
- VOTE:** 6 ayes — West, Farabee, Crownover, Corte, Gonzalez Toureilles, Howard
0 nays
1 absent — Crabb
- WITNESSES:** For — Adam Haynes, TIPRO
Against — None
On — Jose Mayorga, John Tintera, Rebecca Trevino, Railroad Commission of Texas
- BACKGROUND:** The Texas Building and Procurement Commission buys supplies, materials, services and equipment for state agencies. Government Code, sec. 2455.132 of the allows the TBPC to delegate purchasing authority to state agencies in particular instances. TBPC can transfer purchasing authority to agencies for purchases of less than \$15,000 dollars or for purchases that exceed \$15,000 dollars after considering the agency's ability to make such purchases.
- The 78th Legislature in 2003 enacted HB 2444 by West, which exempted RRC from the requirement to follow certain procedures and rules when making purchases related to well plugging or site remediation. It also increased the RRC's limitation on purchases that did not require TBPC authorization to \$300,000 dollars for purchases related to the plugging of abandoned wells and the remediation of surface locations.
- DIGEST:** HB 773 would delegate to the RRC the authority to perform, by methods that provide the best value to the RRC, all purchasing functions related to:
- conducting site investigations and environmental assessments;
 - the plugging of abandoned wells; and
 - the remediation of surface locations.

HB 773 also would repeal the \$300,000 cap on RRC purchases related to site remediation or the cleanup of abandoned wells.

The bill would take effect on September 1, 2005.

**SUPPORTERS
SAY:**

HB 773 would allow the RRC to operate more efficiently by saving the agency time and money. The process of obtaining approval for purchases from TPBC can increase the procurement cycle by 10 days. If the RRC were granted the authority to make certain purchases of its own, the procurement process would be expedited.

The RRC is able to make purchases related to site remediation and the cleanup of abandoned wells more effectively than TBPC. For example, well-plugging involves only a small population of vendors, some of whom are not on record with TBPC. HB 773, by giving the RRC authority to make purchases related to well plugging, would allow for the selection of the most competitive vendor regardless of the vendor's filing status with the TBPC.

**OPPONENTS
SAY:**

The TBPC should be responsible for the procurement of any costly goods or services for a state agency. TBPC's system of purchasing goods and services has proven itself effective and thorough. It is important for the state to require that all major purchases are directed through a central body.

NOTES:

The companion bill, SB 576 by Armbrister, has been referred to the Senate Government Organization Committee.