

BILL ANALYSIS

Senate Research Center
77R297 DRH-D

H.B. 1138
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State Affairs
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This analysis is based on the House Committee Report, which is the most recent version available to the Senate Research Center.

DIGEST AND PURPOSE

Small contractors and historically underutilized businesses often do not have access to large capital resources. As a result, they often are at a disadvantage in bidding for state highway improvement contracts which require small contractors and historically underutilized businesses to outlay a large percentage of their working capital for a proposal guaranty in the form of a cashiers check or money order for separate highway improvement bids. H.B. 1138 allows a required proposal guaranty to be in the form of a bid bond.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 1 (Section 223.014, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 223A, Transportation Code, by adding Section 223.014, as follows:

Sec. 223.014. FORM OF PROPOSAL GUARANTY. Authorizes a guaranty, if the Texas Department of Transportation (department) by rule requires a proposal guaranty as a condition of bidding for a contract, to be in the form of a cashier's check or money order drawn on a financial entity specified by the department or a bid bond issued by a surety authorized to do business in this state.

SECTION 2. Effective date: January 1, 2002.