

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 221
By: Staples
State Affairs
4/10/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, the General Services Commission (GSC) and other governmental entities are not specifically permitted to use an online “reverse auction” to purchase goods and services in which the suppliers, rather than the buyers, bid for contracts to provide goods while prices start high and go lower as the bidding continues. C.S.S.B. 221 gives the GSC, county commissioners courts, local governments, and school districts the authority to conduct reverse auctions and sets forth guidelines regarding the use of reverse auction procedures.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2155.062, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

- (a) Authorizes the General Services Commission (commission) to use the reverse auction procedure in purchasing goods and services.
- (d) Defines “reverse auction procedure.”

SECTION 2. Amends the heading of Section 252.021, Local Government Code, to read as follows:

Sec. 252.021. COMPETITIVE REQUIREMENTS FOR CERTAIN PURCHASES.

SECTION 3. Amends Section 252.021(a), Local Government Code, to authorize a municipality, before it is authorized to enter into a contract that requires an expenditure of more than \$15,000 from one or more municipal funds, to use the reverse auction procedure, as defined by Section 2155.062(d), Government Code, for purchasing.

SECTION 4. Amends Section 262.023, Local Government Code, as follows:

Sec. 262.023. New heading: COMPETITIVE REQUIREMENTS FOR CERTAIN PURCHASES. Requires the commissioners court of a county, before the county is authorized to purchase certain items, to comply with the competitive bidding or competitive proposals prescribed by this subchapter or use the reverse auction procedure. Requires all competitive bids or competitive proposals to be sealed. Makes conforming changes.

SECTION 5. Amends Sections 271.083(a) and (b), Local Government Code, as follows:

- (a) Authorizes a local government to participate in the purchasing program of the commission, including those purchases that use the reverse auction procedure, by

performing certain functions. Makes a conforming change.

(b) Makes a conforming change regarding satisfaction of any state law requiring the local government to seek competitive bids for the purchase of the item.

SECTION 6. Amends Chapter 271Z, Local Government Code, by adding Section 271.906, as follows:

Sec. 271.906. REVERSE AUCTION METHOD OF PURCHASING. Sets forth guidelines for local governments' use of the reverse auction procedure.

SECTION 7. Amends Section 44.031(a), Education Code, to require, except as provided by this subchapter, certain school district contracts to be made by the method that provides the best value for the district, including the reverse auction procedure.

SECTION 8. Effective date: September 1, 2001. Provides that the changes in law made by this Act apply only to certain contracts.

SUMMARY OF COMMITTEE CHANGES

Amends As Filed S.B. 221 as follows:

SECTION 1. Adds a new Section 2155.062(d) to define "reverse auction procedure."

Redesignates text from original SECTION 2 as SECTION 8. Provides that the effective date is September 1, 2001 and provides that the changes in law made by this Act apply only to certain contracts.

Adds SECTIONS 2 through 7.