

BILL ANALYSIS

Senate Research Center

H.B. 2376
By: Elkins (Averitt)
Government Organization
5/19/2003
Engrossed

DIGEST AND PURPOSE

A report by the State Auditor's Office demonstrated that purchasing surety bonds for state officers and employees was not cost-effective. Under the State Employee Bonding Act and other statutes, agencies were often required to purchase these bonds, but claims to recover on the bonds were almost never filed. As a result, the state was unnecessarily spending approximately \$250,000 each biennium on premiums for these bonds. In response, the 77th Legislature passed H.B. 1203, which significantly restricts the authority of state agencies to purchase surety bonds. As a result of H.B. 1203 becoming law, agencies may purchase surety bonds for their officers and employees only if required by the state constitution, federal law, regulation, or court order, or after obtaining the approval of the State Office of Risk Management (SORM). SORM may approve the purchase of a surety bond if it finds that the surety bond is warranted by a substantial or unusual risk of loss or the purchase of a surety bond is otherwise necessary to protect the interests of the state. H.B. 2376 deletes obsolete and possibly confusing language that formerly required state agencies to purchase surety bonds.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

H.B. 2376 removes obsolete language and references from existing statutes requiring various state agencies to purchase surety bonds for officers and employees in the following SECTIONS:

SECTION 1. Section 11.007(b), Agriculture Code; SECTION 2. Section 5.11, Alcoholic Beverage Code; SECTION 3. Section 5.13, Alcoholic Beverage Code; SECTION 4. Section 5.14, Alcoholic Beverage Code; SECTION 5. Section 51.203(d), Education Code; SECTION 6. Section 88.103, Education Code; SECTION 7. Section 14.054, Finance Code; SECTION 8. Section 15.306, Finance Code; SECTION 9. Section 403.002(b), Government Code; SECTION 10. Section 403.003(b), Government Code; SECTION 11. Section 403.008, Government Code; SECTION 12. Section 403.114(a), Government Code; SECTION 13. Section 404.043, Government Code; SECTION 14. Section 406.006, Government Code; SECTION 15. Section 406.007(a), Government Code; SECTION 16. Section 406.010, Government Code; SECTION 17. Section 441.003(b), Government Code; SECTION 18. Section 481.005(b), Government Code; SECTION 19. Article 1.18, Insurance Code; SECTION 20. Section 31.014, Natural Resources Code; SECTION 21. Section 31.015(a), Natural Resources Code; SECTION 22. Section 31.018(b), Natural Resources Code; SECTION 23. Section 31.062(c), Natural Resources Code; SECTION 24. Section 201.160, Occupations Code; SECTION 27. Section 1101.054, Occupations Code; SECTION 29. Article 179e, V.T.C.S.; and, SECTION 30. Article 6573a, V.T.C.S.

SECTION 25. Amends the heading for Section 801.102, Occupations Code, to read as follows:

Sec. 801.102. CERTAIN DUTIES OF EXECUTIVE DIRECTOR.

SECTION 26. Amends the heading for Section 1071.101, Occupations Code, as effective June 1, 2003, to read as follows:

Sec. 1071.101. EXECUTIVE DIRECTOR.

SECTION 28. Amends the heading for Section 1601.102, Occupations Code, to read as follows:

Sec. 1601.102. EXECUTIVE DIRECTOR POWERS AND DUTIES.

SECTION 31. Repealer:

- (1) Section 11.006, Agriculture Code;
- (2) Section 58.012(d), Agriculture Code;
- (3) Section 201.019(c), Agriculture Code;
- (4) Section 5.10(e), Alcoholic Beverage Code;
- (5) Section 5.142(c), Alcoholic Beverage Code;
- (6) Section 51.001(c), Government Code;
- (7) Section 51.201(c), Government Code;
- (8) Section 81.029(f), Government Code;
- (9) Section 403.002(a), Government Code;
- (10) Section 403.009, Government Code;
- (11) Section 403.247(f), Government Code;
- (12) Section 405.003, Government Code;
- (13) Section 431.024, Government Code;
- (14) Section 441.002(e), Government Code;
- (15) Section 441.182(h), Government Code;
- (16) Section 494.006, Government Code;
- (17) Section 815.209, Government Code;
- (18) Section 825.209, Government Code;
- (19) Section 840.208, Government Code;
- (20) Section 845.209, Government Code;
- (21) Section 855.208, Government Code;
- (22) Sections 2103.064(b), (c), and (d), Government Code;
- (23) Section 2152.102, Government Code;
- (24) Section 2306.029, Government Code;
- (25) Section 402.024(b), Health and Safety Code;
- (26) Section 31.025, Insurance Code;

- (27) Section 31.013, Natural Resources Code;
- (28) Section 31.017(b), Natural Resources Code;
- (29) Section 161.012, Natural Resources Code;
- (30) Section 152.053, Occupations Code;
- (31) Section 201.055(c), Occupations Code;
- (32) Section 253.002, Occupations Code;
- (33) Section 301.102, Occupations Code;
- (34) Section 302.057(d), Occupations Code;
- (35) Section 351.102, Occupations Code;
- (36) Section 451.055(b), Occupations Code;
- (37) Section 554.008, Occupations Code;
- (38) Section 651.101(b), Occupations Code;
- (39) Section 801.102(b), Occupations Code;
- (40) Section 1001.109(a), Occupations Code, as effective June 1, 2003;
- (41) Sections 1051.107(d) and (e), Occupations Code, as effective June 1, 2003;
- (42) Section 1071.101(b), Occupations Code, as effective June 1, 2003;
- (43) Section 1601.102(b), Occupations Code;
- (44) Sections 321.501(b) and (c), Tax Code;
- (45) Sections 323.501(b), (c), and (d), Tax Code;
- (46) Section 201.055, Transportation Code;
- (47) Section 201.301(c), Transportation Code; and
- (48) Subsection I, Section 2, The Securities Act (Article 581-2, V.T.C.S.).

SECTION 32. Effective date: September 1, 2003.