

## **BILL ANALYSIS**

Senate Research Center  
80R2634 YDB-D

S.B. 412  
By: Shapleigh  
State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law requires state entities to look at a number of factors in awarding governmental contracts, but does not provide for consideration of a vendor's provision of health care coverage in awarding such contracts.

Employers nationwide are increasingly dropping workers from employment-based health coverage. In 2002, the number of U.S. residents insured by their employers dropped by 1.3 million to 61.3 percent of the total population. In 2004, the total percentage of Texans who had employer-based insurance dropped to 51 percent.

A high number of uninsured persons in a community translates to a heavy tax burden on local and county hospital districts and health care providers. Uninsured persons with progressed illnesses resort to seeking emergency medical care, requiring local taxpayers to pay the price for the uninsured at much higher costs.

As proposed, S.B. 412 gives preference in state, county, city, governmental, and university purchasing decisions to vendors that provide health benefits to their employees, provided that the vendor's goods or services meet the required specifications and the cost of the goods and services does not substantially exceed the cost of similar goods and services. In order to protect smaller businesses, it also prohibits the same entities from giving preference to a vendor that provides health benefits over a vendor with 50 or fewer employees that does not provide health coverage to its employees.

### **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 44.031(b), Education Code, to authorize a school district to consider whether a vendor provides health care benefits to employees when determining to whom to award a contract. Makes nonsubstantive changes.

SECTION 2. Amends Subchapter B, Chapter 44, Education Code, by adding Section 44.0421, as follows:

Sec. 44.0421. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH CARE BENEFITS. (a) Requires a school district that is procuring goods or services to give preference to a vendor that demonstrates that it provides healthcare benefits to its employees if the goods and services meet the district's specifications regarding quantity and quality and the cost does not exceed that of another vendor that does not provide health care benefits to its employees, except as provided by Subsection (b).

(b) Prohibits a district from giving preference under Subsection (a) to a vendor that provides health care benefits to its employees over a vendor with 50 or fewer employees that does not provide health care benefits.

SECTION 3. Amends Section 2155.074(b), Government Code, to authorize the Texas Building and Procurement Commission (commission) or other state agency (agency) to consider whether a

vendor of goods and services provides health care benefits to its employees in determining the best value for the state in purchasing such goods or services under this chapter. Makes nonsubstantive changes.

SECTION 4. Amends Subchapter H, Chapter 2155, Government Code, by adding Section 2155.452, as follows:

Sec. 2155.452. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH CARE BENEFITS. (a) Requires the commission or an agency that is procuring goods or services to give preference to a vendor that demonstrates that it provides health care benefits to its employees if the goods and services meet the district's specifications regarding quantity and quality and the cost does not exceed that of another vendor that does not provide health care benefits to its employees, except as provided by Subsection (b).

(b) Prohibits the commission or an agency from giving preference under Subsection (a) to a vendor that provides health care benefits to its employees over a vendor with 50 or fewer employees that does not provide health care benefits.

SECTION 5. Makes application of Section 44.0421, Education Code, and Section 2155.452, Government Code, as added by this Act, prospective.

SECTION 6. Effective date: September 1, 2007.