

BILL ANALYSIS

Senate Research Center
81R18746 ATP-F

H.B. 2515
By: Smith, Todd (Harris)
Intergovernmental Relations
5/11/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, a governmental entity, including a municipality, which enters into a public works contract in excess of \$25,000, must require the contractor to execute to the governmental entity a payment bond in the amount of the contract. This bill increases the payment bond threshold on public works contracts of municipalities and of joint airport boards of certain municipalities from more than \$25,000 to more than \$50,000. Raising the threshold will allow small businesses, including historically underutilized businesses and minority-owned and women-owned business enterprises, which may not have been able to obtain the required bonding at the \$25,000 threshold, an opportunity to work at governmental entities for contracts up to \$50,000 without a payment bond.

The bill also increases the amount of contract change order that a governmental body is required to approve from greater than \$25,000 to greater than \$50,000. This change would make the change order amount consistent with the threshold amount at which a contract must be competitively bid, which was changed to greater than \$50,000 during the 80th Legislature.

H.B. 2515 amends current law relating to the minimum dollar amount for certain requirements to apply to certain public contracts.

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 2253.021(a), Government Code, to require a governmental entity that makes a public work contract with a prime contractor to require the contractor, before beginning the work, to execute to the governmental entity a payment bond if the contract is in excess of \$25,000, and the governmental entity is not a municipality or a joint board created under Subchapter D (Joint Operations), Chapter 22 (County and Municipal Airports), Transportation Code; or the contract is in excess of \$50,000, and the governmental entity is a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code.

SECTION 2. Amends Section 252.048(c), Local Government Code, to authorize the governing body, if a change order involves a decrease or an increase of \$50,000, rather than \$25,000, or less, to grant general authority to an administrative official of the municipality to approve the change orders.

SECTION 3. Makes application of the change in law made by this Act to Section 2253.021(a) and Section 252.048(c), Government Code, prospective.

SECTION 4. Effective date: September 1, 2009.