

BILL ANALYSIS

Senate Research Center

S.B. 408
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Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under state law, counties have a cap of three percent for contracts for real and personal property as provided by Section 271.905 (Consideration of Location of Bidder's Principal Place of Business) of the Local Government Code. Municipalities are allowed a higher cap under Section 271.0951 (Consideration of Location of Bidder's Principal Place of Business in Certain Municipalities) of the Local Government Code.

S.B. 408 allows counties to provide preferences to local bidders at the level that municipalities enjoy by increasing the cap from three to five percent of the lowest bid.

S.B. 408 amends current law relating to consideration of a bidder's principal place of business in awarding certain county 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 the heading to Section 271.9051, Local Government Code, as follows:

Sec. 271.9051. New heading: CONSIDERATION OF LOCATION OF BIDDER'S PRINCIPAL PLACE OF BUSINESS IN CERTAIN MUNICIPALITIES AND COUNTIES.

SECTION 2. Amends Sections 271.9051(a), (b), and (c), Local Government Code, as follows:

(a) Provides that this section applies only to a municipality or county that is authorized under this title to purchase real property or personal property that is not affixed to real property.

(b) Authorizes the municipality or county to enter into a contract for construction services in an amount of less than \$100,000 or a contract for other purchases in an amount of less than \$500,000 in purchasing under this title any real property, personal property that is not affixed to real property, or services, if a municipality or county receives one or more competitive sealed bids from a bidder whose principal place of business is in the municipality or county and whose bid is within five percent of the lowest bid price received by the municipality or county from a bidder who is not a resident of the municipality or county with:

(1) the lowest bidder; or

(2) the bidder whose principal place of business is in the municipality or county if the governing body of the municipality or county determines, in writing, that the local bidder offers the municipality or county the best combination of contract price and additional economic development opportunities for the municipality or county created by the contract award, including the employment of residents of

the municipality or county and increased tax revenues to the municipality or county.

(c) Provides that this section does not prohibit a municipality or county from rejecting all bids.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2015.