

BILL ANALYSIS

Senate Research Center

S.B. 1823
By: Truan
State Affairs
4/23/1999
Committee Report (Amended)

DIGEST

Currently, a financial surety is required by agencies that issues bids for contracts. The surety protects the agency from a default of a company to which an agency has awarded a contract. All agencies, except the Texas Department of Transportation (TxDOT), accept either a bond, such as insurance, or a cashier's check that is equal to 5 percent of the bid cost to defray the cost if a bidder defaults. TxDOT accepts only a cashier's check. As a result, small contractors have difficulty calling up adequate cash resources to reserve in order to supply the cashier's check. S.B. 1823 would amend the form of a proposal guaranty for a contract of TxDOT.

PURPOSE

As proposed, S.B. 1823 amends the form of a proposal guaranty for a contract of the Texas Department of Transportation.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Department of Transportation in SECTION 1 (Section 223.014, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 223A, Transportation Code, by adding Section 223.014, as follows:

Sec. 223.014. FORM OF PROPOSAL GUARANTY. Provides that if the Texas Department of Transportation, by rule, requires a proposal guaranty as a condition of bidding for a contract, the rule must allow a bidder to submit a bid guaranty in certain forms.

SECTION 2. Effective date: January 1, 2000.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 223.014, Transportation Code, by deleting proposed text authorizing a department's guaranty to be in certain format, and adding text that requires the department to require certain rules to allow a bidder to submit a bid guaranty in certain formats.