

BILL ANALYSIS

Senate Research Center

S.B. 1268
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Business & Commerce
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DIGEST AND PURPOSE

Currently, directed sureties are allowed in Texas, while 25 states and the federal government prohibit a directed surety on a government/public construction project. As proposed, S.B. 1268 prohibits directed surety on government/public projects in Texas. However, surety bonds are still required for government/public construction projects.

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(e), Government Code, to prohibit any government entity, with respect to any public building or construction contract, from requiring the contractor to procure any of the surety bonds specified in connection with such contract or specified by any law from any particular insurance or surety company, agent, or broker.

SECTION 2. Amends Section 2166.258(b), Government Code, to prohibit the General Services Commission (commission) or other state agency, in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959, and with respect to any public building or construction contract, from requiring a contractor or subcontractor to obtain or procure any of the surety bonds specified in connection with such contract or specified by any law from any particular insurance or surety company, agent, or broker. Authorizes the commission or other agency, to the extent not prohibited by that law, to require a contractor or subcontractor to meet part or all of the other insurance requirements for the project under the negotiated arrangement.

SECTION 3. Effective date: September 1, 2001.
Makes application of this Act prospective.