

## **BILL ANALYSIS**

Senate Research Center  
77R12613 BDH-F

C.S.S.B. 1268  
By: Madla  
Business & Commerce  
4/17/2001  
Committee Report (Substituted)

### **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. C.S.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 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, from requiring a contractor or subcontractor for any public building or other construction contract to obtain a surety bond from any specific insurance or surety company, agent, or broker. Authorizes the commission or other agency, to the extent consistent with that law, to require a contractor or subcontractor to meet part or all of any other insurance requirements for the project under the negotiated arrangement. Deletes existing text pertaining to bonding or insurance requirements.

SECTION 2. Amends Section 2253.021, Government Code, to prohibit a governmental entity from requiring a contractor for any public building or other construction contract to obtain a surety bond from any specific insurance or surety company, agent, or broker.

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

### **SUMMARY OF COMMITTEE CHANGES**

Amends S.B. 1268 as follows:

Redesignates SECTION 1 as SECTION 2 and SECTION 2 as SECTION 1.

SECTION 1. Conforms text to legislative drafting standards. Includes deleted existing text.

SECTION 2. Conforms text to legislative drafting standards.

SECTION 3. No change.