BILL ANALYSIS

Senate Research Center
82R5041 VOO-F

H.B. 2195
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Transportation & Homeland Security
5/11/2011
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, the ability of Dallas Area Rapid Transit (DART) to enter into multiyear commodity or utility service agreements secured by DART assets is limited.

H.B. 2195 allows DART to enter into financial hedges for commodities used in the delivery of its services or the expanding of its services which are not contractually tied to the delivery of a commodity. Financial hedges for service commodities include diesel, fuel, gasoline, electricity, and natural gas. Some expansion commodities include copper, steel, and concrete. These hedges allow DART to control its costs by taking advantage of favorable market conditions and to do so without having to contract with a third party to secure a commodity service purchase agreement. H.B. 2195 enables a simpler and less costly process by taking advantage of decreases in the market prices of commodities through commodity hedges rather than conducting formal solicitations by the agency.

H.B. 2195 amends current law relating to requirements for certain arrangements or agreements of certain regional transportation authorities.

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 452.108, Transportation Code, by adding Subsection (g), to provide that Subsection (c) (relating to the duration of contracts) does not apply to a multiyear commodity or utility service purchase arrangement or agreement.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2011.