

CHAPTER 906

S.B. No. 381

AN ACT

relating to the acquisition or provision of goods and services by the state.

Be it enacted by the Legislature of the State of Texas:

PART 1. GENERAL STATE ACQUISITION PROCESS

SECTION 1.01. (a) Section 2, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 2. PURPOSE. The purpose of this Act is to provide a method of financing:

- (1) for the acquisition or construction of buildings in Travis County, Texas; and
- (2) for the purchase or lease of equipment by state agencies *in the executive or judicial branch of state government*.

(b) The amendment of Section 2, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), by Section 42, H.B. No. 2626, Acts of the 73rd Legislature, Regular Session, 1993, has no effect.

SECTION 1.02. (a) Subsection (a), Section 9A, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) The authority may issue and sell obligations for the financing of a lease or other agreement so long as the agreement concerns equipment that a state agency *in the executive or judicial branch of state government* has purchased or leased or intends to purchase or lease. The authority's power to issue obligations includes the power to issue and sell obligations for the financing of a package of agreements involving one or more state agencies.

(b) The amendment of Subsection (a), Section 9A, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), by Section 43, H.B. No. 2626, Acts of the 73rd Legislature, Regular Session, 1993, has no effect.

SECTION 1.03. Subdivision (3), Section 1, Chapter 454, Acts of the 65th Legislature, Regular Session, 1977 (Article 6252-11c, Vernon's Texas Civil Statutes), is amended to read as follows:

- (3) "State agency" *has the meaning assigned by Section 1.02, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes) [means a state department, commission, board, office, institution, facility, or other agency the jurisdiction of which is not limited to a geographical portion of the state. The term includes a university system and an institution of higher education as defined in Section 61.003, Education Code. The term does not include a public junior college].*

SECTION 1.04. Subchapter C, Chapter 403, Government Code, is amended by adding Section 403.039 to read as follows:

Sec. 403.039. **TEXAS IDENTIFICATION NUMBER SYSTEM.** (a) *The comptroller shall assign a Texas Identification Number, based on the comptroller's taxpayer identification number system, to each person, other than a state employee, who supplies property or services to the state for compensation or reimbursement.*

(b) *The Texas Identification Number system shall be used by each state agency as the primary identification system for persons, other than state employees, who supply property or services to the agency for compensation or reimbursement. The agency may assign secondary numbers if the secondary numbering system does not unnecessarily create duplication of data bases, efforts, or costs.*

(c) *All state agencies shall cooperate with the comptroller to convert existing relevant identification systems to the Texas Identification Number system. The comptroller may adopt rules governing the conversion to and the administration of the Texas Identification Number system, including rules on the procedure for applying for a number under the system.*

(d) *In this section, "state agency" means any department, commission, board, office, or other agency in the executive, legislative, or judicial branch of state government, including an institution of higher education.*

SECTION 1.05. The comptroller shall begin implementation of the Texas Identification Number system, as added by Section 1.04 of this part, as soon as practicable. A state agency may phase in its use of the system but shall fully implement the system not later than September 1, 1998.

SECTION 1.06. Section 1.03, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Subsections (l) through (p) to read as follows:

(l) *The commission and each state agency shall prepare as part of its strategic plan under Article 6252-31, Revised Statutes, as added by Chapter 384, Acts of the 72nd Legislature,*

Regular Session, 1991, a written plan for increasing the commission's or the agency's use of historically underutilized businesses in purchasing and in public works contracting. On request, the commission shall provide technical assistance to an agency that is preparing its plan under this subsection. The plan must include:

(1) a policy or mission statement relating to increasing use of historically underutilized businesses by the commission or agency;

(2) goals to be met by the commission or agency in carrying out the policy or mission; and

(3) specific programs to be conducted by the commission or agency to meet the goals stated in the plan, including a specific program to encourage contractors to use historically underutilized businesses as partners and subcontractors.

(m) The commission and each state agency shall prepare an annual report for each fiscal year documenting progress under its plan for increasing use of historically underutilized businesses. The commission or agency shall file the report with the governor, lieutenant governor, and speaker of the house of representatives not later than December 31 of each year.

(n) In cooperation with the state auditor, the commission shall develop a standard form for reports prepared under Subsection (m) of this section.

(o) The commission shall assist the Texas Department of Commerce in the performance of the department's duties under Section 481.103, Government Code.

(p) The commission shall encourage the use of historically underutilized businesses by state agencies by:

(1) working with state agencies to establish a statewide policy for increasing use of historically underutilized businesses;

(2) assisting state agencies in seeking historically underutilized businesses capable of supplying materials and services that the agencies require;

(3) assisting state agencies in identifying and advising historically underutilized businesses on the types of goods and services needed by the agencies; and

(4) assisting state agencies in increasing the volume of business placed with historically underutilized businesses.

SECTION 1.07. Article 3, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Section 3.081 to read as follows:

Sec. 3.081. CATALOGUE PURCHASE PROCEDURE. (a) A vendor who wants to sell or lease automated information systems under this section to state agencies covered by the Information Resources Management Act (Article 4413(32j), Revised Statutes) shall apply to the commission for designation as a "qualified information systems vendor" according to an application process promulgated by the commission. At a minimum, the application process shall include submission of the following elements:

(1) a catalogue containing all products and services eligible for purchase by state agencies, including descriptions of each product or service, the list price of each product or service, and the price to Texas state agencies of each product or service;

(2) a maintenance, repair, and support plan for all eligible products and services;

(3) proof of the applicant's financial resources and ability to perform; and

(4) a guarantee that the vendor will make available equivalent replacement parts for products sold to Texas for at least three years from the date of a product's discontinuation.

(b) Within 90 days after the effective date of the law enacting this section the commission shall establish standards and criteria for designating qualified information systems vendors on a regional and statewide basis. A vendor remains qualified until the commission determines the vendor fails to meet the criteria set forth in this section. Vendors granted regional status may sell catalogue-listed products and services directly to state agencies covered by the Information Resources Management Act (Article 4413(32j), Revised Statutes) within a region defined by the commission. Vendors granted statewide status may sell catalogue-listed products and services directly to any state agency covered by the Informa-

tion Resources Management Act (Article 4413(32j), Revised Statutes). The commission's standards and criteria shall be developed in accordance with the following parameters:

- (1) the ability of the vendor to provide adequate and reliable support and maintenance;
- (2) the vendor's ability to provide adequate and reliable support and maintenance in the future;
- (3) the technical adequacy and reliability of the vendor's products; and
- (4) consistency with standards adopted by the Department of Information Resources or a subsequent entity.

(c) If a vendor is designated by the commission as a qualified information systems vendor, the vendor shall publish and maintain a catalogue containing all products and services eligible for purchase by state agencies, including descriptions of each product or service, the list price of each product or service, and the price to Texas state agencies of each product or service. The vendor shall update the catalogue on an as-needed basis to reflect changes in price or the availability of products or services and shall forward a copy of each updated catalogue to the commission and all eligible purchasers.

(d) A state agency covered by the Information Resources Management Act (Article 4413(32j), Revised Statutes) may purchase or lease automated information systems directly from a qualified information systems vendor and may negotiate additional terms and conditions to be included in contracts relating to the purchase or lease, provided the purchase or lease is based on the best value available and is in the state's best interest. In determining which products or services are in the state's best interest, the agency shall consider the following factors:

- (1) installation costs and hardware costs;
- (2) the overall life cycle cost of the system or equipment;
- (3) estimated cost of employee training and estimated increase in employee productivity;
- (4) estimated software and maintenance costs; and
- (5) compliance with applicable statewide standards adopted by the Department of Information Resources or a subsequent entity as validated by criteria established by the department or a subsequent entity in administrative rule.

(e) The commission shall establish rules and regulations and implement the catalogue purchase procedure set forth in this section no later than January 1, 1994.

(f) Purchases of automated information systems shall be made through the catalogue procedure enumerated in this section unless the commission or state agency determines that the best value available accrues from an alternative purchase method authorized by this Act.

(g) The commission shall make the catalogue purchasing procedure enumerated in this section available to local governments who qualify for cooperative purchasing under Sections 271.082 and 271.083, Local Government Code. In this subsection, "local government" has the meaning assigned to it by Section 271.081, Local Government Code.

SECTION 1.08. Section 1.02, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Subdivisions (4), (5), and (6) to read as follows:

(4) "Automated information systems" means any automated information systems, the computers on which they are automated, or a service related to the automation of information systems or the computers on which they are automated, including computer software, awarded to a vendor by a state agency covered by the Information Resources Management Act (Article 4413(32j), Revised Statutes), or any telecommunications apparatus or device that serves as a component of a voice, data, or video communications network for the purpose of transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on that network.

(5) "Best value" means lowest overall cost of information systems based on the following factors including but not limited to:

- (A) purchase price;

- (B) compatibility to facilitate exchange of existing data;
- (C) capacity for expansion and upgrading to more advanced levels of technology;
- (D) quantitative reliability factors;
- (E) the level of training required to bring end-users to a stated level of proficiency;
- (F) the technical support requirements for maintenance of data across a network platform and management of the network's hardware and software; and
- (G) compliance with applicable statewide standards adopted by the Department of Information Resources or a subsequent entity as validated by criteria established by the department or a subsequent entity in administrative rule.

(6) "Qualified information systems vendor" means manufacturers or resellers of automated information systems who are authorized by the commission to publish catalogues of products and services which may be directly purchased by state agencies covered by the Information Resources Management Act (Article 4419(32j), Revised Statutes).

SECTION 1.09. Section 10.05, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 10.05. SHARING OF SERVICES OR FACILITIES. (a) Telecommunications facilities and services, to the extent feasible and desirable, shall be provided on an integrated or shared basis, or both, to avoid waste of state funds and manpower.

(b) *The commission, the Department of Information Resources, and the comptroller shall develop, in coordination with The Texas A&M University System, The University of Texas System, other institutions of higher education, and other state agencies, a plan for a state telecommunications network that will effectively and efficiently meet the long-term voice, video, and computer communications requirements of state government. The plan should recognize that all state agencies and institutions of higher education are a single entity for purposes of purchasing and determining tariffs. The plan shall incorporate efficiencies obtained through the use of shared transmission services and open systems architecture as they become available, building on existing systems as appropriate, and the developers of the plan shall make use of the technical expertise of the institutions of higher education and state agencies. The commission, department, and comptroller shall present to the governor and the legislature a comprehensive summary of the plan and its implementation schedule before September 1, 1994.*

SECTION 1.10. Not later than January 1, 1995, the General Services Commission shall submit to the governor, lieutenant governor, and speaker of the house of representatives a report on the competitive sealed proposal process established by Section 3.0221, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), as added by H.B. No. 2626, Acts of the 73rd Legislature, Regular Session, 1993, that includes:

- (1) a list of all purchases made under the process during the state fiscal year ending August 31, 1994, including purchases by institutions and other agencies of higher education under authority delegated by the commission;
- (2) an analysis of benefits and disadvantages of the process; and
- (3) recommendations for improving the process.

SECTION 1.11. Article 5, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Section 5.265 to read as follows:

Sec. 5.265. COMMON SURETY OR INSURER. *If it is advantageous to the state, the commission, or an agency whose project is exempted from all or part of this article under Section 5.13 of this article, may negotiate an arrangement with a surety or an insurer, as appropriate, authorized to do business in this state to furnish some or all of the bonds, insurance, or both that a contractor or subcontractor is required to execute or carry to receive a contract or subcontract on a project administered by the commission or other agency. Notwithstanding Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance Code), and its subsequent amendments, the commission or other agency may require a contractor or subcontractor to meet part or all of the bonding or insurance requirements for the project under the arrangement negotiated by the commission or other agency.*

SECTION 1.12. Article 5, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Section 5.342 to read as follows:

Sec. 5.342. ACQUISITION OF EXISTING BUILDING AS ALTERNATIVE TO LEASING SPACE. (a) *This section applies only to meeting office space needs of one or more state agencies in a county in which the state is leasing at least 50,000 square feet of usable office space.*

(b) *The commission may meet office space needs of one or more state agencies that are being met through leased space by purchasing one or more existing buildings in accordance with this section. The purchase of a building may include the purchase of the building's grounds and related improvements. The purchase of a building under this section must be:*

(1) *financed through bonds issued by the Texas Public Finance Authority; and*

(2) *approved by the legislature if it is in session or by the Legislative Budget Board if the legislature is not in session.*

(c) *The commission may purchase a building under this section only if the commission determines that the projected annual total space occupancy costs of the purchased space will not exceed, over the term of the bonded indebtedness, the projected annual total space occupancy costs of meeting the same space needs through leased space. In this section, "total space occupancy costs" include:*

(1) *for leased space, the direct cost of the lease payments for the space;*

(2) *for purchased space, the direct cost of rental or installment payments for the space under Section 12(b), Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes);*

(3) *the cost of any necessary renovations;*

(4) *operating costs, including janitorial and utility costs; and*

(5) *for purchased space, the cost of maintaining a cash replacement reserve sufficient to service structural maintenance requirements reflecting the expected performance life of the major capital expense items of the building for the term of the bonded indebtedness.*

(d) *If the commission has made the necessary determination under Subsection (c) of this section and the purchase has been approved by the legislature or the Legislative Budget Board under Subsection (b) of this section, the Texas Public Finance Authority shall issue and sell bonds to finance the purchase in accordance with the Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), and the commission may purchase the building in accordance with that Act and other applicable law. The limitation prescribed by Section 9, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), relating to the location of a building for which bonds may be issued and sold does not apply to financing the purchase of a building under this section.*

(e) *Any person from whom real property or any existing buildings or other improvements are purchased under this section shall provide to the commission the name and the last known address of each person who:*

(1) *owns record legal title to the property, buildings, or other improvements; or*

(2) *owns a beneficial interest in the property, buildings, or other improvements through a trust, nominee, agent, or any other legal entity.*

(f) *When a state agency vacates leased space to move into space in a building purchased under this section or when the leased space itself is purchased under this section, the money specifically appropriated by the legislature or the money available to and budgeted by the agency for lease payments for the leased space for the remainder of the biennium may be used only for rental or installment payments for the purchased space under Section 12(b), Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), and for the payment of operating expenses for the purchased space that are incurred by the commission. The comptroller may adopt rules for the administration of this subsection.*

SECTION 1.13. Subsections (c) and (m), Section 4.15, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), are amended to read as follows:

(c) Except as provided by this section and Article 6252-3e, Revised Statutes, the commission shall determine the amount of space in a building to be allocated to private tenants and

the types of activities in which the tenants may engage based on the market for certain activities among employees and visitors in the building and in the vicinity of the building. Except as provided by Subsection (m) [(L)] of this section, the amount of space allocated to private tenants may not exceed 15 percent of the total space in the building. Any space leased to provide child care services for state employees shall not be counted in the 15 percent maximum.

(m) If the commission determines under Section 5.34 or 5.342 of this Act that the purchase of an existing building is more advantageous to the state than ~~constructing [the construction of]~~ a new building or continuing to lease space for a state agency, but a purchase of the building would be subject to existing leases to private tenants that exceed 15 percent of the total space in the building, the commission may purchase the building subject to existing leases notwithstanding Subsection (c) of this section. When an existing lease to a private tenant expires, the commission may renew the lease subject to this section, including Subsection (c).

SECTION 1.14. Subsection (b), Section 9, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) When the acquisition or construction of a building has been authorized in accordance with this Act or under Section 5.34 or 5.342, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), the board shall promptly issue and sell bonds in the name of the authority under this Act, including Sections 10B and 16 of this Act, to finance the acquisition or construction of the building. When the proceeds from the bond issuance are available, the board shall promptly deposit the proceeds in the state treasury under Section 23 of this Act and shall promptly make the determinations that are to be made by the board under Section 23 of this Act.

SECTION 1.15. Subsection (a), Section 10, Texas Public Finance Authority Act (Article 601d, Vernon's Texas Civil Statutes), as amended by Chapter 1244, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

(a) Except as permitted by Sections 24A(b)(5) and 24A(d) of this Act or Section 5.34 or 5.342, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), before the board may issue and sell bonds, the legislature by law must have authorized in this Act, the General Appropriations Act, or another Act the specific project for which the bonds are to be issued and sold and must have authorized the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance and sale of bonds for the project. In recognition that the cost estimates for acquisition, construction, repair, or renovation of a project will not be final at the time the project is authorized for financing and that the bonds may be issued to fund associated costs, including but not limited to reasonably required reserve funds, capitalized interest, administrative costs of the authority, and issuing expenses, the principal amount of any bond issue for that purpose may be up to 1-1/2 the amount of the estimated cost for the project being financed. For additional costs to be included in that principal amount, the board must affirmatively find that those costs are necessary and reasonable at the time the bonds are issued.

SECTION 1.16. Section 481.105, Government Code, is transferred to Article 3, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), redesignated as Section 3.281, and amended to read as follows:

Sec. 3.281 [481.105]. PARTICIPATION BY SMALL BUSINESSES IN STATE PURCHASING. The commission [office] shall foster participation of small businesses in the purchasing activities of the state by:

- (1) assisting state agencies in developing procedures to ensure the inclusion of small businesses on state agency master bid lists;
- (2) informing small businesses of state purchasing opportunities;
- (3) assisting small businesses in complying with the procedures for bidding on state contracts;
- (4) working with state and federal agencies and with private organizations in disseminating information on state purchasing procedures and the opportunities for small businesses to participate in state contracts;

(5) assisting state agencies with the development of a comprehensive list of small businesses capable of providing materials, supplies, equipment, or services to the state; [and]

(6) making recommendations to state agencies for simplification of specifications and terms to increase the opportunities for small business participation;

(7) *working with state agencies to establish a statewide policy for increasing use of small businesses;*

(8) *assisting state agencies in seeking small businesses capable of supplying materials and services that the agencies require;*

(9) *assisting state agencies in identifying and advising small businesses on the types of goods and services needed by the agencies; and*

(10) *assisting state agencies in increasing the volume of business placed with small businesses.*

SECTION 1.17. On the effective date of this part, all powers, duties, and obligations of the Office of Small Business Assistance of the Texas Department of Commerce under Section 1.03, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), and under former Section 481.105, Government Code, are transferred to the General Services Commission as prescribed by this part. All records and property in the custody of the office that relate to a function transferred by this part are transferred to the commission. All appropriations to the office for functions transferred by this part and all employees of the office employed primarily to engage in those functions are transferred to the commission. An application for certification as a disadvantaged business is transferred without change in status from the office to the commission. All rules, standards, and specifications of the office relating to the functions transferred by this part remain in effect as rules, standards, and specifications of the commission unless superseded by the commission.

SECTION 1.18. Subchapter B, Chapter 435, Government Code, is amended by adding Section 435.027 to read as follows:

Sec. 435.027. GRONER A. PITTS NATIONAL GUARD ARMORY. The Texas National Guard armory located in Brownwood, Texas, is named the Groner A. Pitts National Guard Armory in honor of Groner A. Pitts.

SECTION 1.19. The State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes) is amended by adding Article 3A to read as follows:

ARTICLE 3A. CENTRAL AUTOMATED PURCHASING

Sec. 3A.01. STUDY AND DESIGN PROCESS. The commission and the comptroller shall jointly study and design a central automated purchasing system for use by state agencies. The design must be compatible with the uniform statewide accounting system and must allow state agencies to select goods or services from an automated catalogue, order the goods or services electronically, and enter electronically on the system the fact of receipt of the goods or services. The design must also allow an entry of receipt on the system to serve as an authorization for the comptroller to pay the vendor on verification that the agency is authorized by law to purchase the goods or services.

Sec. 3A.02. ASSISTANCE BY OTHER STATE AGENCIES. On the request of the commission or the comptroller, the Department of Information Resources and other state agencies shall assist the commission and the comptroller in the study and design process authorized by Section 3A.01 of this article.

Sec. 3A.03. REPORT TO LEGISLATURE. Not later than January 1, 1995, the commission and the comptroller shall each submit to the legislature a report containing the agency's recommendations relating to:

(1) *the cost, feasibility, and advisability of implementing a central automated purchasing system as designed by the agencies; and*

(2) *other advisable changes that concern the state's methods of acquiring goods and services that would become feasible if the state implemented the central automated purchasing system.*

Sec. 3A.04. *RULES.* *The commission and the comptroller may adopt rules to administer this article.*

Sec. 3A.05. *EXPIRATION.* *This article expires on September 1, 1995.*

SECTION 1.20. Subsections (f) and (k), Section 9, Information Resources Management Act (Article 4413(32j), Revised Statutes), are amended to read as follows:

(f) *At the request of a state agency, the [The] department may provide technical and managerial assistance relating to information resources management, including automation feasibility studies, systems analysis, and design, training, and technology evaluation [at the request of a state agency].*

(k) *The department may [shall operate, on a self-supporting basis, a computer service facility and] provide computer services under interagency contracts to state agencies that choose to contract with the department [subscribe to the service].*

SECTION 1.21. Section 13, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 13. *PERFORMANCE [ANNUAL] REPORT.* (a) *Not later than November [February] 1 of each even-numbered year, the board shall review and approve and the department shall present a [department's annual] report on the use of information resources technologies by [management activities of] state government[, based on the annual performance reports submitted to the department by state agencies under Section 20 of this article]. The [annual] report must:*

(1) *assess the progress made toward meeting the goals and objectives of the state strategic plan for information resources management;*

(2) *describe major accomplishments of the state or a specific [and each] state agency in information resources management;*

(3) *describe major problems confronting the state or a specific state [the existing major data bases and applications in each] agency in information resources management;*

(4) *[describe all existing interagency computer networks;*

[5] provide a summary of the total expenditures for information resources and information resources technologies by [each agency and] the state;

[(6) provide an inventory list, by major categories, of the state's information resources technologies;] and

(5) [(7) identify and] make recommendations for improving the effectiveness and cost efficiency of the state's use of information resources [regarding opportunities for multi-agency information resources management activities].

(b) *The [approved annual] report [of the department] shall be submitted to the governor and to the legislature [Legislative Budget Board].*

(c) *The department may make interim reports that it considers necessary.*

(d) The department is entitled to obtain any information concerning a state agency's information resources and information resources technologies that the department determines is necessary to prepare a report under this section.

SECTION 1.22. Section 15, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 15. *PROJECT REVIEW.* (a) *In this section, "major information resources project" means any information resources technology project identified in a state agency's biennial operating plan with development costs that exceed \$1,000,000 and that:*

(1) requires one year or longer to reach operations status;

(2) involves more than one state agency; or

(3) substantially alters work methods of state agency personnel or the delivery of services to clients.

(b) A state agency may not expend appropriated funds for a major information resources project unless the project has been approved by the department in the agency's biennial operating plan.

(c) *The department shall develop rules or guidelines for its review of major information resources projects.* ~~[INITIAL OPERATING PLANS. (a) Once each biennium, each state agency's information resources manager shall prepare an initial operating plan. An agency is not required to identify specific acquisitions or the method of acquisition in the plan. The plan must be approved by the governing body of the agency and submitted to the department for approval not later than the date that the agency is required to submit its first legislative appropriations request.~~

~~[(b) A state agency's initial operating plan must, for each request under each Legislative Budget Board assumption;~~

~~[(1) state how the agency's requested appropriations for the management, operation, and procurement of information resources would be spent;~~

~~[(2) contain a summary of the agency's needs for information resources technologies and the estimated cost of meeting those needs during the next biennium;~~

~~[(3) list the existing and proposed projects for the agency during the next biennium, including;~~

~~[(A) the anticipated measurable benefits of those projects and the measurement standards used to determine those benefits;~~

~~[(B) the major resources required to conduct the projects;~~

~~[(C) the agency's estimated total cost of each project by legislative program as found in the agency's legislative appropriations request;~~

~~[(D) the cost and implementation schedule for each stage of each project;~~

~~[(E) the number, type, approximate cost, schedule, and, if known, the planned method of acquisition for all procurements associated with each project that are subject to review under department rules; and~~

~~[(F) the estimated internal development costs for each project, including an allocation of costs for the use of fixed assets and an allocation for administrative costs;~~

~~[(4) provide an estimate, given the estimated work load, of the percentage of existing and proposed information resources technologies that will be required after all existing and proposed projects are implemented; and~~

~~[(5) any other information the department considers necessary.]~~

SECTION 1.23. Section 16, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 16. *BIENNIAL [FINAL] OPERATING PLANS.* (a) Each state agency shall submit *an [a final] operating plan* to the department *each state fiscal biennium* not later than the *30th day after the date that the General Appropriations Act for the biennium becomes law* [earliest of the following dates of each odd-numbered year:

~~[(1) September 1;~~

~~[(2) the 60th day after the date the General Appropriations Act becomes law if it becomes law on or before July 31 of that year; or~~

~~[(3) the 30th day after the date the General Appropriations Act becomes law if it becomes law after July 31 of that year].~~

(b) *The [At a minimum, the] plan shall describe the agency's current and proposed projects for the biennium* [must include, in addition to the information required in the initial operating plan, the following:

~~[(1) the amount of money related to information resources actually appropriated to the agency for the biennium beginning September 1; and~~

~~[(2) an identification of changes, if any, in the agency's priorities for projects and associated procurements as set forth in the initial operating plan].~~

(c) ~~[The department may consult the comptroller to verify a state agency's approved funds.~~

~~[(d)] A state agency shall amend its *biennial [final] operating plan* when necessary to reflect changes in the plan during a biennium. ~~[The plan shall also be amended if necessary to show the impact of a consulting services contract or report that may affect software~~~~

development, hardware configuration, or changes in the agency's management of information resources. The substance of any amendment submitted to the plan must also be included in an appropriate approved agency strategic plan or approved agency strategic plan amendment.]

SECTION 1.24. Section 17, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 17. PROCEDURES FOR SUBMITTING AND EVALUATING OPERATING PLANS. (a) The department by rule shall adopt instructions to guide state agencies in their preparation of *biennial* [initial operating plans and final] operating plans. The instructions must:

- (1) specify the format of the plans;
- (2) *specify* [require the submission of] the information required to be included in the plans [by this article]; [and]
- (3) list the general criteria that the department will use to evaluate the plans; and
- (4) *specify procedures for the submission, review, approval, and disapproval of plans and amendments, including procedures for review or reconsideration of the department's disapproval of a plan or plan amendment.*

(b) [The department shall notify a state agency in writing of the department's approval or disapproval of an initial operating plan. The notification shall be sent not later than 120 days after the date the department receives the plan.

[c] The department shall notify a state agency in writing of the department's approval or disapproval of a final operating plan. The notification shall be sent not later than 30 days after the date the department receives the plan. If the department's determination is due after September 1 of an odd-numbered year, a state agency may operate as if the plan had been approved until the department actually makes its determination.

[d] If the department disapproves a state agency's initial operating plan or final operating plan, the department shall provide to the agency in writing the reasons for the disapproval. If the agency cannot resolve the problems that caused disapproval within 30 days after the date the notice of disapproval is received, the agency shall notify the department in writing of the reasons why the problems cannot be resolved. The notification shall be sent to the department not later than 30 days after the date that the agency receives notice of the department's disapproval.

[e] Before a state agency may amend its final operating plan, the agency must submit the proposed amendment to the department for approval. All amendments affecting operations during a fiscal year must be submitted not later than June 1 of that fiscal year. The department shall notify the agency of the department's approval or disapproval not later than the 30th day after the date the proposed amendment is received. If the department disapproves a proposed amendment, the department shall state the reasons for the disapproval in writing to the agency's information resources manager. The department shall adopt rules for the procedures a state agency must follow when submitting a revision of proposed amendments to the department after the department has disapproved the amendments.

[f] The department may not approve a state agency's initial operating plan or final operating plan unless the agency has submitted and the department has approved a current agency strategic plan.

[g] A state agency that disagrees with the department's disapproval of an initial operating plan, final operating plan, or an amendment to either of those plans may submit a written request to the department for special review. On receipt of a request, the executive director shall inform the board. The board shall consider the merits of the agency's position and make its decision on the matter at the next regularly scheduled board meeting. The state agency may appear and present its position at that meeting. The decision of the board is final. The board shall adopt rules for the fair and efficient administration of this subsection.

[h] Each state agency shall submit a copy of its *biennial* [final] operating plan, as approved by the department, to the governor, the Legislative Budget Board, and the state auditor not later than 30 days after the date that the department approves the plan. If an agency fails to comply with this subsection, the governor may direct the comptroller to deny

the agency access to the agency's appropriations that relate to the management of information resources. The denial of access may continue until the governor is satisfied with the agency's compliance with this subsection.

~~[(i) As a consequence of evaluating an initial operating plan or a final operating plan, the department may require a state agency to submit or obtain certain information as part of its procurement process. This may be required when:~~

~~[(1) an agency is planning a noncompetitive procurement;~~

~~[(2) an agency is planning a system conversion; or~~

~~[(3) the department determines that the information would be necessary or appropriate.]~~

SECTION 1.25. Section 19, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 19. INFORMATION RESOURCES MANAGERS. (a) The person required to sign an agency's strategic plan, or that person's designee, shall serve as the agency's information resources manager. A member of the board of the department may not also serve as the information resources manager of a state agency.

~~(b) [If the department performs substantially all information processing for a state agency, the agency may designate the department as the agency's information resources manager. The department may by rule define the circumstances in which it may serve as an agency's information resources manager.~~

[(e)] Each state agency shall cooperate as necessary with its information resources manager to enable that person to perform the duties required of the information resources manager by law.

(c) [(d)] The department shall provide guidelines to state agencies regarding the initial and continuing education requirements needed for information resources managers ~~[not later than September 1, 1990, to be effective on September 1, 1992]~~. Any person who is appointed the information resources manager of a state agency before September 1, 1992, is exempt from the requirements of the department regarding initial education needed for that position. The department may provide educational materials and seminars for state agencies and information resources managers.

(d) [(e)] The information resources manager is responsible for the preparation of the operating plans under Sections 16 and 17 [15-17] of this article~~[-, and the annual performance report under Section 20 of this article]~~.

SECTION 1.26. The Information Resources Management Act (Article 4413(32j), Revised Statutes) is amended by adding Section 18A to read as follows:

Sec. 18A. INTERAGENCY CONTRACTS. (a) *A state agency may not enter into an interagency contract for the receipt of information resources technologies, including a contract with the department, unless the agency complies with this section.*

(b) *A state agency that proposes to receive information resources technologies under a contract with another state agency must first give public notice of a request for proposals or a request for bids.*

(c) *A state agency may not enter into an interagency contract to receive information resources technologies if the agency receives a bid or proposal under Subsection (b) of this section under which the agency can receive the same or substantially the same technologies from a private vendor for less than the cost that would be incurred by the agency under the interagency contract. If a bid or proposal is received under Subsection (b) of this section that would allow the agency to accomplish the application or project at an acceptable level of quality and for an acceptable period for a total cost to the state of less than the total cost to the state of the best proposed interagency contract, as that cost is determined by the department, a contract for the accomplishment of the application or project shall be awarded to the bidder with the lowest and best bid, or the offeror whose proposal is most advantageous to the state as determined from competitive sealed proposals.*

(d) *The department by rule may define circumstances in which certain interagency contracts that will cost less than a minimum amount established by the department are*

excepted from the requirements of this section or this article, if the department determines that it would be more cost effective for the state.

SECTION 1.27. Section 26, Information Resources Management Act (Article 4413(32j), Revised Statutes), is amended to read as follows:

Sec. 26. APPLICATION TO STATE LOTTERY OPERATIONS. (a) The lottery division in the office of the comptroller is not included in the agency strategic plan~~[-initial operating plan,]~~ or *biennial* [final] operating plan of the comptroller. The lottery division is not subject to the planning and procurement requirements of this Act.

(b) The electronic funds transfer system for the operation of the state lottery is not included in the agency strategic plan~~[-initial operating plan,]~~ or *biennial* [final] operating plan of the state treasurer. Operations of the state treasurer that relate to the state lottery are not subject to the planning and procurement requirements of this Act.

SECTION 1.28. (a) Sections 18 and 20, Information Resources Management Act (Article 4413(32j), Revised Statutes), are repealed.

(b) Section 3.021, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is repealed.

SECTION 1.29. (a) Effective August 31, 1994, Sections 21 and 22, Information Resources Management Act (Article 4413(32j), Revised Statutes), are repealed. On that date, all amounts in the Department of Information Resources revolving fund account established under Section 22, Information Resources Management Act (Article 4413(32j), Revised Statutes), are transferred to the undedicated portion of the general revenue fund.

(b) Before August 31, 1994, the Department of Information Resources shall assist state agencies that use the department's services under Section 21, Information Resources Management Act (Article 4413(32j), Revised Statutes), to obtain suitable alternative services.

SECTION 1.30. This part takes effect immediately.

PART 2. ABOLITION OF TEXAS SURPLUS PROPERTY AGENCY

SECTION 2.01. Subsection (c), Section 2.06, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

(c) The executive director shall employ two associate deputy directors, who shall administer the operation of the divisions of the commission, *except the surplus and salvage property division*, as provided by this Act. *The commission shall:*

(1) *employ a third associate deputy director to administer the operation of the surplus and salvage property division as provided by this Act, and that associate deputy director serves at the pleasure of the commission; or*

(2) *assign the duty to administer the surplus and salvage property division directly to the executive director, who shall directly administer that division subject to and under the direction of the commission.*

SECTION 2.02. Section 2.09, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 2.09. DIVISIONS. (a) The commission is divided into divisions as provided by this section. *The associate deputy director employed to administer the surplus and salvage property division shall direct that division as provided by Subsection (c) of this section. Another [One] associate deputy director shall direct the travel division and other divisions as directed by the executive director. The other associate deputy director shall direct the remaining divisions as directed by the executive director.*

(b) Each division shall be managed by a division director who shall report to the appropriate associate deputy director, *except as provided by Subsection (c) of this section.*

(c) *The surplus and salvage property division is established to administer Article 9 of this Act. Notwithstanding Section 2.06(b) of this Act, and unless the commission assigns the duty to administer the division directly to the executive director, the affairs of the division are managed by the associate deputy director of that division, whose management is subject to and under the direction of the commission and who reports directly to the commission. All direction of the commission to the associate deputy director shall be made at an open*

meeting of the commission and made a part of the minutes of the commission. The division may share support functions with other divisions of the commission, but the division shall operate autonomously from the rest of the commission, and the administration of the division must be housed in a different building than other commission functions. If the commission assigns the duty to administer the division directly to the executive director, the division must still operate autonomously from the rest of the commission, and, except for the executive director's office, the administrative functions of the division must still be housed in a different building from other commission functions.

SECTION 2.03. Subsection (a), Section 8.01, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) This article applies to:

(1) personal property belonging to the state; *and*

(2) *real or personal property acquired by or otherwise under the commission's jurisdiction under Section 9.16 of this Act and 40 U.S.C. Section 483c, 484(j), or 484(k).*

SECTION 2.04. Subsection (a) Section 9.01, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by amending Subdivisions (3) and (4) and adding Subdivision (8) to read as follows:

(3) "Property" means personal property. The term does not include real property, or any interest in real property, *except federal real property acquired under Section 9.16 of this article and Section 484(k), Federal Property and Administrative Services Act.* ~~Personal~~, ~~however, personal~~ property affixed to real property may be sold under this law if its removal and disposition is to carry out a lawful objective under this law or any other law. The term includes property lawfully confiscated and subject to disposal by a state agency.

(4) "Surplus property":

(A) means:

(i) any personal property which is in excess of the needs of any state agency and which is not required for its foreseeable needs; *or*

(ii) *federal surplus property acquired by the commission or otherwise under the commission's jurisdiction under Section 9.16 of this article and 40 U.S.C. Section 483c or Section 484(j) or 484(k), Federal Property and Administrative Services Act; and*

(B) *includes property that*, ~~Surplus property~~ may be used or new but possesses some usefulness for the purpose for which it was intended or for some other purpose.

(8) "Federal Property and Administrative Services Act" means the Federal Property and Administrative Services Act of 1949 (40 U.S.C. Section 484).

SECTION 2.05. Section 9.02, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.02. ESTABLISHMENT OF PROCEDURES. The commission shall establish and maintain procedures for the transfer, sale, or disposal, *as prescribed by law*, of:

(1) surplus and salvage property no longer needed by state agencies; *and*

(2) *federal surplus property that the state acquires under the Federal Property and Administrative Services Act.*

SECTION 2.06. Section 9.03, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.03. MAILING LISTS OF ASSISTANCE ORGANIZATIONS AND POLITICAL SUBDIVISIONS. The commission shall maintain a mailing list, renewable annually, of assistance organizations and political subdivision purchasing agents or other officers performing similar functions who have asked for information on surplus or salvage equipment or material the state may have available. ~~The commission shall provide the list to the Texas Surplus Property Agency.~~

SECTION 2.07. Subsection (a), Section 9.05, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) If surplus or salvage property of a state agency is not disposed of under the provisions of Section 9.04 of this article, the commission shall sell the property by competitive bid or auction or delegate to the state agency having possession of the property the authority to sell the property on a competitive bid basis. The commission or agency shall collect a fee from the purchaser. The commission shall set the fee in an amount to recover the costs associated with the sale of the property, but the amount may not be less than two percent nor more than 12 percent of the proceeds from the sale of the property.

SECTION 2.08. Section 9.13, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.13. EXEMPTION. For purposes of this article the terms "surplus" and "salvage" shall not apply to products and by-products of research, forestry, agricultural, livestock, and industrial enterprises [in excess of that quantity required for consumption by the producing agency when such agencies have a continuing and adequate system of marketing research and sales, the efficiency of which shall be certified to the commission by the state auditor. A qualifying agency shall furnish the commission with a copy of the rules and regulations and latest revisions thereof promulgated by the policy making body of each agency or institution for the guidance and administration of the programs enumerated herein. When requested by such agency or institution to do so, the commission shall dispose of the property as provided for in this article].

SECTION 2.09. Section 9.14, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.14. AUTHORIZATION OF AGENCIES TO DISPOSE OF PROPERTY. The commission may authorize an agency to dispose of surplus or salvage property where the agency demonstrates to the commission its ability to make such disposition under the rules and regulations set up by the commission, as provided for herein. State eleemosynary institutions and institutions and agencies of higher learning shall be excepted from the terms of this article that relate to the disposition of their surplus or salvage property.

SECTION 2.10. Article 9, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Sections 9.16 and 9.17 to read as follows:

Sec. 9.16. FEDERAL SURPLUS PROPERTY. (a) *The commission is the designated state agency under Section 484(j) of the Federal Property and Administrative Services Act.*

(b) *The commission may:*

(1) *acquire and warehouse federal property allocated to the commission under the Federal Property and Administrative Services Act; and*

(2) *distribute the property:*

(A) *to an entity or institution that meets the qualifications for eligibility for the property under the Federal Property and Administrative Services Act; and*

(B) *without complying with the provisions of this article that relate to the disposition of surplus state agency property.*

(c) *The commission may:*

(1) *disseminate information and assist a potential applicant regarding the availability of federal surplus real property;*

(2) *assist in the processing of an application for acquisition of federal real property and related personal property under Section 484(k) of the Federal Property and Administrative Services Act;*

(3) *assist in assuring use of the property; and*

(4) *engage in an activity relating to the use of federal surplus property by another state agency, institution, or organization engaging in or receiving assistance under a federal program.*

(d) *The commission shall:*

(1) *file a state plan of operation that complies with federal law and operate in accordance with the plan;*

(2) take necessary action to meet the minimum standards for a state agency in accordance with the Federal Property and Administrative Services Act; and

(3) cooperate to the fullest extent consistent with this section.

(e) The commission may:

(1) make the necessary certifications and undertake necessary action, including an investigation;

(2) make expenditures or reports that may be required by federal law or regulation or that are otherwise necessary to provide for the proper and efficient management of the commission's functions under this section;

(3) provide information and reports relating to the commission's activities under this section that may be required by a federal agency or department; and

(4) adopt rules necessary for the efficient operation of its activities under this section or as may be required by federal law or regulation.

(f) The commission may enter into an agreement, including:

(1) a cooperative agreement with a federal agency under Section 484(n) of the Federal Property and Administrative Services Act;

(2) an agreement with a state agency for surplus property of a state agency that will promote the administration of the commission's functions under this section; or

(3) an agreement with a group or association of state agencies for surplus property that will promote the administration of the commission's functions under this section.

(g) The commission may act as an information clearinghouse for an entity or institution that may be eligible to acquire federal surplus property and may assist, as necessary, the entity or institution to obtain federal surplus property.

(h) The commission may:

(1) acquire and hold title or make capital improvements to real property in accordance with Subsection (i) of this section; or

(2) make an advance payment of rent for a distribution center, office space, or another facility that is required to carry out the commission's functions under this section.

(i) The commission may collect a service charge for the commission's acquisition, warehousing, distribution, or transfer of property. The commission may not collect a charge for real property in an amount that is greater than the reasonable administrative cost the commission incurs in transferring the property.

(j) A charge collected under Subsection (i) of this section shall be deposited in the state treasury to the credit of the surplus property service charge fund, and income earned on money in the surplus property service charge fund shall be credited to that fund. Money in the fund may be used only to carry out the functions of the commission under this section.

(k) The commission may appoint advisory boards and committees necessary and suitable to administer this section.

(l) The commission may employ, compensate, and prescribe the duties of personnel, other than members of advisory boards and committees, necessary and suitable to administer this section. A personnel position may only be filled by an individual selected and appointed on a nonpartisan merit basis.

Sec. 9.17. ADMINISTRATIVE COST RECOVERY STUDY. The commission shall conduct a study to determine if its functions under this article can be made self-supporting by charging fees for commission services. If the commission determines that a function can be made self-supporting through charging fees, the commission shall prepare a fee implementation plan. Before January 1, 1995, the commission shall report to each member of the legislature the results of the study and the implementation plan for fee recovery, if any. This section expires January 1, 1995.

SECTION 2.11. Subsection (a), Section 403.271, Government Code, is amended to read as follows:

(a) This subchapter applies to:

(1) all personal property belonging to the state; and

(2) real and personal property acquired by or otherwise under the jurisdiction of the state under 40 U.S.C. Section 483c, 484(j), or 484(k), and Section 9.16, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes).

SECTION 2.12. (a) The General Services Commission and the Texas Surplus Property Agency shall coordinate the transfer of all Texas Surplus Property Agency functions to the General Services Commission as required by this part. The administrative functions of the Texas Surplus Property Agency are transferred to the General Services Commission to be carried out by staff located in Austin, in accordance with the State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), as amended by this Act.

(b) The transfer of all functions from the Texas Surplus Property Agency to the General Services Commission shall be accomplished as soon as practicable, but not later than the 45th day after the effective date of this part, at which time the Texas Surplus Property Agency is abolished.

(c) The transfer required by this part includes the transfer of all assets, duties, powers, obligations, and liabilities, including contracts, leases, real or personal property, funds, employees, furniture, computers and other equipment, and files and related materials used by the Texas Surplus Property Agency.

(d) A form, rule, or procedure adopted by the Texas Surplus Property Agency that is in effect on the effective date of this part remains in effect on and after that date as if adopted by the General Services Commission until amended, repealed, withdrawn, or otherwise superseded by the commission.

(e) All unexpended appropriations made to the Texas Surplus Property Agency are transferred to the General Services Commission.

(f) Notwithstanding Subsections (b) and (e) of this section and Section 2.13 of this Act:

(1) to the extent that changes in law made by this Act are changes that must be approved by the federal government under federal law relating to surplus property as a condition of this state's full participation in the federal surplus property program, the appropriate prior law is continued in effect until the necessary approval is received; and

(2) if the abolition of the Texas Surplus Property Agency and the transfer of its functions under this Act must be approved by the federal government under federal law relating to surplus property as a condition of this state's full participation in the federal surplus property program, the Texas Surplus Property Agency and the law under which it performs its functions are continued in effect until the necessary approval is received.

SECTION 2.13. The following laws are repealed:

(1) Chapter 32, Acts of the 62nd Legislature, Regular Session, 1971 (Article 6252-6b, Vernon's Texas Civil Statutes); and

(2) Subsections (d), (e), and (g), Section 9.04, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes).

SECTION 2.14. This part takes effect September 1, 1993, except that:

(1) the amendment to Subsection (a), Section 403.271, Government Code, takes effect when Subchapter L, Chapter 403, Government Code, as added by Section 2.30, Chapter 8, Acts of the 72nd Legislature, 2nd Called Session, 1991, takes effect; and

(2) the amendment to Subsection (a), Section 8.01, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), does not take effect if on or before September 1, 1993, Article 8, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is repealed on certification by the comptroller of the implementation of the fixed asset component of the uniform statewide accounting system, in accordance with Subsection (d), Section 6.01, Chapter 8, Acts of the 72nd Legislature, 2nd Called Session, 1991.

PART 3. TRAVEL

SECTION 3.01. Section 14.01, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 14.01. DIVISION. The travel division of the commission is composed of the central travel office and the office of vehicle fleet maintenance. The commission shall adopt rules to implement this article, including rules related to:

- (1) the structure of travel agency contracts that the commission makes;
- (2) the procedures the commission uses in requesting and evaluating bids or proposals for travel agency contracts from providers; ~~and~~
- (3) the use of negotiated contract rates for travel services by state agencies; *and*
- (4) *exemptions from the prohibition prescribed by Section 14.02(d) of this article.*

SECTION 3.02. Subsections (b) and (c), Section 14.02, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), are amended to read as follows:

(b) The central travel office shall initially provide services to designated agencies located in Travis County and shall extend its services to all state agencies as it develops the capability to do so. The office may negotiate contracts with private travel agents, with travel and transportation providers, and with credit card companies that provide travel services and other benefits to the state. The commission shall make contracts with more than one provider of travel agency services. Contracts entered into under this section are not subject to the competitive bidding requirements imposed under Article 3 of this Act. The comptroller of public accounts shall audit *travel vouchers in accordance with Chapter 403, Government Code, and its subsequent amendments*, for compliance with ~~[of]~~ rules adopted to enforce the provisions of this section.

(c) State agencies in the executive branch of state government shall participate in accordance with commission rules in the commission's contracts for travel services. ~~Institutions[, provided that institutions]~~ of higher education as defined by Section 61.003, Education Code, shall not be required to participate in the commission's contracts for travel agency services or other travel services purchased from funds other than general revenue funds or educational and general funds as defined by Section 51.009, Education Code. The commission may provide by rule for exemptions from required participation. Agencies of the state that are not required to participate in commission contracts for travel services may participate as provided by Subsection (a) of this section.

SECTION 3.03. Section 14.02, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Subsections (d) and (e) to read as follows:

(d) *This subsection applies only to a state agency in the executive branch of state government that is required to participate in the commission's contracts for travel services. Except as provided by commission rule, a state agency may not:*

- (1) *purchase commercial airline or rental car transportation if the amount of the purchase exceeds the amount of the central travel office's contracted fares or rates; or*
- (2) *reimburse a person for the purchase of commercial airline or rental car transportation for the amount that exceeds the amount of the central travel office's contracted fares or rates.*

(e) *The commission shall educate state agencies about Subsection (d) of this section. The comptroller shall audit travel vouchers in accordance with Chapter 403, Government Code, and its subsequent amendments, for compliance with Subsection (d) of this section. To facilitate the audit of the travel vouchers, the commission shall consult with the comptroller before the commission adopts rules or procedures under Subsection (d) of this section.*

SECTION 3.04. This part takes effect September 1, 1993, except that Sections 3.01 and 3.03 of this part take effect January 1, 1994.

PART 4. MAIL

SECTION 4.01. Article 11, State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes), is amended by adding Section 11.021 to read as follows:

Sec. 11.021. *OUTGOING FIRST-CLASS MAIL. (a) This section applies only to outgoing first-class mail practices of state agencies located in Travis County.*

(b) *The commission shall evaluate the outgoing first-class mail practices of state agencies located in Travis County, including the lists, systems, and formats used to create mail. The commission shall adopt rules for the state agencies to implement this section.*

(c) *The commission shall achieve the maximum available discount on postal rates in all cases in which acceptable levels of timeliness, security, and quality of service can be maintained notwithstanding the discounted rate.*

(d) *A state agency to which this section applies shall consult with the commission before the agency may:*

- (1) *purchase, upgrade, or sell mail processing equipment;*
- (2) *contract with a private entity for mail processing; or*
- (3) *take actions that significantly affect the agency's first-class mail practices.*

(e) *The commission by interagency contract shall establish a fee-for-service structure to charge and collect fees from each state agency to which this section applies for the commission's services under this section. The total amount charged a state agency under this section shall not exceed the amount of the agency's appropriated funds for outgoing first-class mail, as determined by the Legislative Budget Board, minus the agency's fixed costs for these services. The commission shall transfer to the general revenue fund the amount of a fee charged a state agency under this subsection that is greater than the amount of the commission's actual expenses for performing services for the agency.*

(f) *The commission shall adopt and distribute to each state agency to which this section applies guidelines by which state outgoing first-class mail practices may be measured and analyzed, using, to the extent possible, the services of the United States Postal Service. The commission shall review and update these guidelines not less often than once every two years after the date of the adoption of the guidelines. Not later than the 90th day after the date of the distribution of the initial guidelines and not less often than annually after the date of that distribution, the commission shall provide training to state agency personnel who handle first-class mail. The commission, to the extent possible, may use the free training provided by the United States Postal Service.*

(g) *If the commission determines that the upgrade of existing mail production or processing equipment or the purchase of new mail production or processing equipment is required to improve the outgoing first-class mail practices of the commission or other state agencies located in Travis County, the commission shall prepare a cost-benefit analysis demonstrating that the upgrade or purchase is more cost-effective than contracting with a private entity to provide that equipment or mail service. The commission shall approve the most cost-effective method.*

(h) *A cost-benefit analysis prepared under this section and a request for bids or a request for proposals prepared to implement a course of action under this section shall be sent to the state auditor for review and comment as soon as practicable after preparation. The state auditor's office shall perform its review and offer its comments not later than the 14th working day after the day it receives the analysis or the request for bids or proposals.*

(i) *Not later than February 1, 1995, the commission shall report to the legislature all significant changes in first-class mail practices under this section. The report shall include a discussion of funds transferred to the general revenue fund under Subsection (e) of this section. This subsection expires June 1, 1995.*

SECTION 4.02. This part takes effect immediately.

PART 5. EMERGENCY

SECTION 5.01. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

Passed the Senate on March 9, 1993: Yeas 30, Nays 0; May 25, 1993, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 1993, House granted request of the Senate; May 29, 1993, Senate

adopted Conference Committee Report by the following vote: Yeas 31, Nays 0; passed the House, with amendments, on May 22, 1993, by a non-record vote; May 27, 1993, House granted request of the Senate for appointment of Conference Committee; May 30, 1993, House adopted Conference Committee Report by the following vote: Yeas 139, Nays 0, one present not voting.

Approved June 19, 1993.

Part 1 effective June 19, 1993, except as provided in section 1.29; Part 2 effective Sept. 1, 1993, except sections 2.03 and 2.11 effective as provided in section 2.14; Part 3 effective Sept. 1, 1993, except sections 3.01 and 3.03 effective Jan. 1, 1994; Part 4 effective June 19, 1993.