

AN ACT

relating to the amount of an expenditure made by certain political subdivisions for which a competitive procurement method may be required.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 44.031(a), Education Code, is amended to read as follows:

(a) Except as provided by this subchapter, all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$100,000 [~~\$50,000~~] or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

(1) competitive bidding for services other than construction services;

(2) competitive sealed proposals for services other than construction services;

(3) a request for proposals, for services other than construction services;

(4) an interlocal contract;

(5) a method provided by Chapter 2269, Government Code, for construction services;

(6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or

1 (7) the formation of a political subdivision
2 corporation under Section 304.001, Local Government Code.

3 SECTION 2. Section 775.084(a), Health and Safety Code, is
4 amended to read as follows:

5 (a) Except as provided by Subsection (i), the board must
6 submit to competitive bids an expenditure of more than \$100,000
7 [~~\$50,000~~] for:

- 8 (1) one item or service; or
- 9 (2) more than one of the same or a similar type of item
10 or service in a fiscal year.

11 SECTION 3. Section 252.021(a), Local Government Code, is
12 amended to read as follows:

13 (a) Before a municipality may enter into a contract that
14 requires an expenditure of more than \$100,000 [~~\$50,000~~] from one or
15 more municipal funds, the municipality must:

- 16 (1) comply with the procedure prescribed by this
17 subchapter and Subchapter C for competitive sealed bidding or
18 competitive sealed proposals;
- 19 (2) use the reverse auction procedure, as defined by
20 Section 2155.062(d), Government Code, for purchasing; or
- 21 (3) comply with a method described by Chapter 2269,
22 Government Code.

23 SECTION 4. Section 252.0215, Local Government Code, is
24 amended to read as follows:

25 Sec. 252.0215. COMPETITIVE BIDDING IN RELATION TO
26 HISTORICALLY UNDERUTILIZED BUSINESS. A municipality, in making an
27 expenditure of more than \$3,000 but less than \$100,000 [~~\$50,000~~],

1 shall contact at least two historically underutilized businesses on
2 a rotating basis, based on information provided by the comptroller
3 pursuant to Chapter 2161, Government Code. If the list fails to
4 identify a historically underutilized business in the county in
5 which the municipality is situated, the municipality is exempt from
6 this section.

7 SECTION 5. Section 262.003(a), Local Government Code, is
8 amended to read as follows:

9 (a) Any law that requires a county to follow a competitive
10 procurement procedure in making a purchase requiring the
11 expenditure of \$100,000 [~~\$50,000~~] or less does not apply to the
12 purchase of an item available for purchase from only one supplier.

13 SECTION 6. Section 262.023(a), Local Government Code, is
14 amended to read as follows:

15 (a) Before a county may purchase one or more items under a
16 contract that will require an expenditure exceeding \$100,000
17 [~~\$50,000~~], the commissioners court of the county must:

18 (1) comply with the competitive bidding or competitive
19 proposal procedures prescribed by this subchapter;

20 (2) use the reverse auction procedure, as defined by
21 Section 2155.062(d), Government Code, for purchasing; or

22 (3) comply with a method described by Chapter 2269,
23 Government Code.

24 SECTION 7. Section 271.024, Local Government Code, is
25 amended to read as follows:

26 Sec. 271.024. COMPETITIVE PROCUREMENT PROCEDURE APPLICABLE
27 TO CONTRACT. If a governmental entity is required by statute to

1 award a contract for the construction, repair, or renovation of a
2 structure, road, highway, or other improvement or addition to real
3 property on the basis of competitive bids, and if the contract
4 requires the expenditure of more than \$100,000 [~~\$50,000~~] from the
5 funds of the entity, the bidding on the contract must be
6 accomplished in the manner provided by this subchapter.

7 SECTION 8. Section 271.054, Local Government Code, is
8 amended to read as follows:

9 Sec. 271.054. COMPETITIVE PROCUREMENT REQUIREMENT. Before
10 the governing body of an issuer may enter into a contract requiring
11 an expenditure by or imposing an obligation or liability on the
12 issuer, or on a subdivision of the issuer if the issuer is a county,
13 of more than \$100,000 [~~\$50,000~~], the governing body must:

14 (1) submit the proposed contract to competitive
15 procurement; or

16 (2) use an alternate method of project delivery
17 authorized by Chapter 2269, Government Code.

18 SECTION 9. Sections 252.312(b) and (c), Transportation
19 Code, are amended to read as follows:

20 (b) If the county road engineer so recommends and the
21 commissioners court considers it to be in the best interest of the
22 county, a purchase in an amount of \$100,000 [~~\$50,000~~] or less may be
23 made through negotiation by the commissioners court or the court's
24 authorized representative on requisition to be approved by the
25 commissioners court or the county auditor without advertising for
26 competitive bids.

27 (c) A purchase may not be divided or reduced to avoid the

1 competitive bidding requirement on a purchase that would otherwise
2 cost more than \$100,000 [~~\$50,000~~].

3 SECTION 10. Section 451.110(c), Transportation Code, is
4 amended to read as follows:

5 (c) Subsection (a) does not apply to a contract for:

- 6 (1) \$100,000 [~~\$50,000~~] or less;
- 7 (2) the purchase of real property;
- 8 (3) personal or professional services; or
- 9 (4) the acquisition of an existing transit system.

10 SECTION 11. The changes in law made by this Act apply only
11 to a purchase made on or after the effective date of this Act. A
12 purchase made before the effective date of this Act is governed by
13 the law as it existed immediately before the effective date of this
14 Act, and that law is continued in effect for that purpose.

15 SECTION 12. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1173 passed the Senate on April 10, 2025, by the following vote: Yeas 29, Nays 1; and that the Senate concurred in House amendment on May 20, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

I hereby certify that S.B. No. 1173 passed the House, with amendment, on May 15, 2025, by the following vote: Yeas 103, Nays 38, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor