

BILL ANALYSIS

C.S.H.B. 3638
By: Troxclair
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that when state agencies use public funds to produce goods or services that private companies already provide, it can create an unfair advantage for the government, disrupt market competition, and potentially lead to private businesses losing customers or contracts to state-run alternatives. C.S.H.B. 3638 seeks to address this issue by ensuring that state agencies prioritize goods and services from private commercial sources, using state funds only to produce competing goods and services when specifically directed to do so by the legislature.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3638 amends the Government Code to require the comptroller of public accounts and all state agencies purchasing goods or procuring services to give preference to goods produced and services provided by private commercial sources in Texas rather than use state money to produce or provide competing goods and services unless specifically directed by the legislature to do so.

C.S.H.B. 3638 applies only to a contract for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the bill's effective date. A contract for which a state agency first advertised or otherwise solicited bids, proposals, offers, or qualifications before the bill's effective date is governed by the law in effect when the first advertisement or solicitation was given, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

C.S.H.B. 3638 differs from the introduced in minor or nonsubstantive ways by conforming to certain bill drafting conventions.