

BILL ANALYSIS

H.B. 1477
By: Bell, Keith
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In a growing trend, private entities are leasing public property and then constructing improvements. An unfortunate unintended consequence of the practice is that there is no effective protection of the right to payment for the subcontractors and suppliers whose labor and materials are used for the newly built improvement. Subcontractor and supplier claimants cannot file mechanic's liens against the real property, because it is owned by a public agency and is thus immune from attachment by lien or otherwise. There have been calls for the state to remedy this unintended gap in protection for innocent subcontractors and suppliers and, at the same time, provide a benefit to the owning public agencies and, by extension, the citizens whose interests they represent. H.B. 1477 seeks to answer these calls by extending the requirements relating to performance and payment bonds to public work projects undertaken by a nongovernmental entity that is leasing public property.

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

H.B. 1477 amends the Government Code to extend the applicability of provisions governing the use of performance and payment bonds for an applicable public work contract to a public work contract of qualifying value for work performed on public property leased by a nongovernmental entity from a governmental entity.

EFFECTIVE DATE

September 1, 2021.