

## **BILL ANALYSIS**

H.B. 2051  
By: Gervin-Hawkins  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

A prime contractor entering into a public work contract with an applicable governmental entity that exceeds \$25,000 in value must execute a payment bond as a condition of that contract. The requirement to obtain such a bond can be a significant barrier for new or small contractors attempting to bid for these contracts. In many instances, small contractors who cannot obtain the payment bond pay a larger general contractor to technically serve as the prime contractor for the use of their bonding capacity while still acting in essence as the prime contractor for the contract, which in turn can increase costs. H.B. 2051 seeks to increase the maximum value of a public work contract before triggering the payment bond requirement to \$100,000, thus allowing a larger bidding pool, increasing competition and opportunities for new or smaller subcontractors and historically underutilized businesses to compete for government contracts, and potentially lowering costs incurred by the government.

### **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. 2051 amends the Government Code to increase from \$25,000 to \$100,000 the maximum value of a public work contract between a prime contractor and a governmental entity that is not a municipality or a joint board created for the operation of county and municipal airports that can be made without the contractor executing a payment bond.

### **EFFECTIVE DATE**

September 1, 2021.