

## **BILL ANALYSIS**

Senate Research Center  
77R10786 MCK-D

H.B. 409  
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Business & Commerce  
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Engrossed

### **DIGEST AND PURPOSE**

Current law does not require that a bondsman's name, address, and telephone number appear on a payment or performance bond. As a result, it may be difficult to locate the bondsman to obtain payment on a government or private bond. H.B. 409 requires that performance and payment bonds clearly display surety company contact information for sending any notice of claim, or display the toll-free telephone number maintained by the Texas Department of Insurance for obtaining the address of a surety company.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2253.021, Government Code, by adding Subsection (f) to require a bond required under this section to clearly and prominently display on the bond or on an attachment to the bond certain information.

SECTION 2. Amends Section 2253.024(a), Government Code, to require that a prime contractor, on the written request of a person who provides public work labor or material and when required by Subsection (c), to provide to the person the name of the surety issuing the payment bond and the performance bond and the toll-free telephone number maintained by the Texas Department of Insurance under Article 1.35D, Insurance Code, for obtaining information concerning licensed insurance companies.

SECTION 3. Amends Section 2253.026, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Requires a governmental entity to furnish the information required by Subsection (d) to any person who applies for the information and who submits an affidavit that the person has supplied public work labor or material for which the person has not been paid; has contracted for specially fabricated material for which the person has not been paid; or is being sued on a payment bond.

(d) Requires a governmental entity to furnish the following information to a person who makes a request under Subsection (a): a certified copy of a payment bond and any attachment to the bond; the public work contract for which the bond was given; and the toll-free telephone number maintained by the Texas Department of Insurance under Article 1.35D, Insurance Code, for obtaining information concerning licensed insurance companies.

SECTION 4. Amends Section 2253.048, Government Code, by adding Subsection (c), to provide that a person satisfies the requirements of this subchapter relating to providing notice to the surety if the person mails the notice by certified or registered mail to the surety at the address stated on the bond or

on an attachment to the bond, at the address on file with the Texas Department of Insurance, or at any other address allowed by law.

SECTION 5. Amends Section 53.202, Property Code, to require the bond to clearly and prominently display on the bond or on an attachment to the bond: the name, mailing address, physical address, and telephone number, including the area code, of the surety company to which any notice of claim should be sent or the toll-free telephone number maintained by the Texas Department of Insurance under Article 1.35D, Insurance Code, and a statement that the address of the surety company to which any notice of claim should be sent may be obtained from the Texas Department of Insurance by calling the toll-free telephone number.

SECTION 6. Amends Section 53.206, Property Code, by adding Subsection (d), to provide that a person satisfies the requirements of this section relating to providing notice to the surety if the person mails the notice by certified or registered mail to the surety at the address stated on the bond or on an attachment to the bond, at the address on file with the Texas Department of Insurance or at any other address allowed by law.

SECTION 7. Effective date: September 1, 2001. Makes application of this Act prospective.