

BILL ANALYSIS

Senate Research Center
78R3535 ATP-D

H.B. 1171
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State Affairs
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Engrossed

DIGEST AND PURPOSE

Current law requires governmental entities to obtain performance and payment bonds from contractors on certain public work contracts. If a governmental entity does not obtain a payment bond, the governmental entity is liable as if it were the surety and the bond beneficiary is entitled to a lien on the money due to the contractor; however, the statute does not expressly require that the beneficiary give the governmental entity notice of its claim. H.B. 1171 requires a bond beneficiary seeking to recover against a governmental entity to notify the governmental entity in the same manner that the bond beneficiary is required to notify a surety.

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 2253.027, Government Code, as follows:

- (a) Created from existing text.
- (b) Provides that, to recover in a suit under Subsection (a), the only notice a payment bond beneficiary is required to provide to the governmental entity is a notice provided in the same manner as described by Subchapter C. Requires that the notice be provided as if the governmental entity were a surety.

SECTION 2. (a) Effective date: September 1, 2003.

- (b) Makes application of this Act prospective.