

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2515
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Intergovernmental Relations
5/14/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, a governmental entity, including a municipality, that enters into a public works contract in excess of \$25,000 must require the contractor to execute to the governmental entity a payment bond in the amount of the contract. This bill increases the payment bond threshold on public works contracts of municipalities and of joint airport boards of certain municipalities from more than \$25,000 to more than \$50,000. Raising the threshold will allow small businesses, including historically underutilized businesses and minority-owned and women-owned business enterprises, which may not have been able to obtain the required bonding at the \$25,000 threshold, an opportunity to work at governmental entities for contracts up to \$50,000 without a payment bond.

C.S.H.B. 2515 amends current law relating to certain requirements applicable to certain public contracts.

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(a), Government Code, to require a governmental entity that makes a public work contract with a prime contractor to require the contractor, before beginning the work, to execute to the governmental entity a payment bond if the contract is in excess of \$25,000, and the governmental entity is not a municipality or a joint board created under Subchapter D (Joint Operations), Chapter 22 (County and Municipal Airports), Transportation Code, or the contract is in excess of \$50,000, and the governmental entity is a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code.

SECTION 2. Amends Section 53.231, Property Code, as follows:

Sec. 53.231. LIEN. (a) Creates this subsection from existing text. Provides that a person who furnishes material or labor to a contractor under a prime contract with a governmental entity other than a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code, that does not exceed \$25,000 and that is for public improvements in this state and who gives notice required by this subchapter has a lien on the money, bonds, or warrants due the contractor for the improvements.

(b) Provides that a person who furnishes material or labor to a contractor under a prime contract with a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code, that does not exceed \$50,000 and that is for public improvements in this state and who gives notice required by this subchapter has a lien on the money, bonds, or warrants due the contractor for the improvements.

SECTION 3. Amends Section 53.234, Property Code, to require the lien claimant to give notice, rather than to give notice before any payment is made to the contractor and, not later than the 15th day of the second month following the month in which the labor was performed or the material furnished.

SECTION 4. Makes application of the changes in law made by this Act to Section 2253.021(a), Government Code, prospective.

SECTION 5. Effective date: September 1, 2009.