

SUBJECT: Increasing value of public work contract for which payment bond needed

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 12 ayes — Phelan, Deshotel, Guerra, Harless, Holland, Hunter, P. King,
Parker, Raymond, E. Rodriguez, Smithee, Springer

0 nays

1 absent — Hernandez

WITNESSES: For — (*Registered, but did not testify*: Jim Allison, County Judges and
Commissioners Association of Texas; David Sinclair, Game Warden
Peace Officers Association; Idona Griffith; Ash Hall; Vanessa
MacDougal; Robert Norris; Arthur Simon)

Against — (*Registered, but did not testify*: Jon Fisher, Associated Builders
and Contractors of Texas)

On — (*Registered, but did not testify*: Jessica Davisson, Texas Parks and
Wildlife Department; Perry Fowler, Texas Water Infrastructure Network)

BACKGROUND: Government Code sec. 2253.021 requires a prime contractor engaged in a
public work contract with a governmental entity, before beginning the
work, to execute a performance bond if the contract is in excess of
\$100,000 and a payment bond if the contract is in excess of \$25,000 and
the governmental entity is not a city or a certain joint board.

Some have suggested that increasing the value of a public work contract
that could be made without the contractor executing a payment bond
would lower projects costs and administrative burdens and increase the
state's bidding pool, including by increasing opportunities for smaller and
historically underutilized businesses.

DIGEST: HB 2886 would increase from \$25,000 to \$100,000 the value of a public
work contract for which a prime contractor would have to execute a

payment bond to a governmental entity if the entity was not a city or a joint board created for the operation of county and city airports.

The bill would take effect September 1, 2019, and would apply only to a public work contract for which a governmental entity first advertised or requested bids, proposals, offers, or qualifications on or after that date.