

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 345
By: Kleinschmidt (Wentworth)
Intergovernmental Relations
5/5/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law specifies that a local government entity that is authorized to enter into certain contracts waives its right to sovereign immunity for a breach of contract claim relating to that contract. This waiver allows a contractor to sue that local government entity for nonpayment. Other statutory provisions specify the types of recovery available to plaintiffs in such a breach of contract dispute. In general, a contractor, subcontractor, or supplier is entitled under state law to receive interest, commonly called prompt pay interest, on past due payments for work performed on a public construction project owned by the state or other governmental entity. Some interested parties contend that recent court decisions have misinterpreted Texas law regarding whether prompt pay interest on public jobs is barred by governmental immunity. H.B. 345 seeks to clarify that issue.

C.S.H.B. 345 amends current law relating to limitations on awards in an adjudication brought against a local governmental entity for breach of contract.

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 271.153(a), Local Government Code, as follows:

- (a) Provides that the total amount of money awarded in an adjudication brought against a local government entity for breach of a contract subject to this subchapter is limited to certain amounts, including as calculated under Chapter 2251 (Payment for Goods and Services), Government Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2011.