

Chapter 580

S.B. No. 807

AN ACT

relating to choice of law and venue for certain construction contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 272, Business & Commerce Code, is amended to read as follows:

CHAPTER 272. LAW APPLICABLE TO CERTAIN CONSTRUCTION CONTRACTS [~~FOR CONSTRUCTION OR REPAIR OF REAL PROPERTY IMPROVEMENTS~~]

SECTION 2. Chapter 272, Business & Commerce Code, is amended by adding Section 272.0001 and amending Sections 272.001 and 272.002 to read as follows:

Sec. 272.0001. DEFINITION. In this chapter, "construction contract" means a contract, subcontract, or agreement entered into or made by an owner, architect, engineer, contractor, construction manager, subcontractor, supplier, or material or equipment lessor for the design, construction, alteration, renovation, remodeling, or repair of, or for the furnishing of material or equipment for, a building, structure, appurtenance, or other improvement to or on public or private real property, including moving, demolition, and excavation connected with the real property. The term includes an agreement to which an architect, engineer, or contractor and an owner's lender are parties regarding an assignment of the construction contract or other modifications thereto.

Sec. 272.001. VOIDABLE CONTRACT PROVISION. (a) This

1 section applies only to a construction contract concerning [~~that is~~
2 ~~principally for the construction or repair of an improvement to~~]
3 real property located in this state.

4 (b) If a construction contract or an agreement collateral to
5 or affecting the construction contract contains a provision making
6 the contract or agreement or any conflict arising under the
7 contract or agreement subject to another state's law, litigation in
8 the courts of another state, or arbitration in another state, that
9 provision is voidable by a [~~the~~] party obligated by the contract or
10 agreement to perform the work that is the subject of the
11 construction contract [~~or repair~~].

12 Sec. 272.002. INAPPLICABILITY OF CHAPTER [~~CONTRACT~~
13 ~~PRINCIPALLY FOR CONSTRUCTION OR REPAIR OF REAL PROPERTY~~
14 ~~IMPROVEMENTS~~]. This chapter does not apply to a construction
15 [~~(a) For purposes of this chapter, a contract is principally for~~
16 ~~the construction or repair of an improvement to real property~~
17 ~~located in this state if the contract obligates a party, as the~~
18 ~~party's principal obligation under the contract, to provide labor~~
19 ~~or labor and materials as a general contractor or subcontractor for~~
20 ~~the construction or repair of an improvement to real property~~
21 ~~located in this state.~~

22 [~~(b) For purposes of this chapter, a contract is not~~
23 ~~principally for the construction or repair of an improvement to~~
24 ~~real property located in this state if the] contract that:~~

25 (1) is a partnership agreement or other agreement
26 governing an entity or trust;

27 (2) provides for a loan or other extension of credit

1 and the party promising to perform the work that is the subject of
2 the construction contract [~~construct or repair the improvement~~] is
3 doing so as part of the party's agreements with the lender or other
4 person who extends credit; or

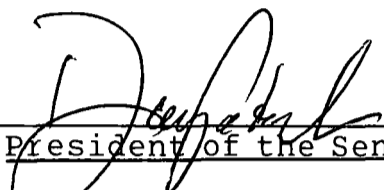
5 (3) is for the management of real property or
6 improvements and the obligation to perform the work that is the
7 subject of the construction contract [~~construct or repair the~~
8 ~~improvement~~] is part of that management.

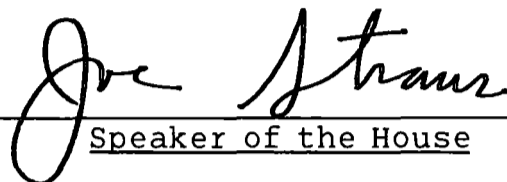
9 [~~(c) Subsections (a) and (b) do not provide an exclusive~~
10 ~~list of the situations in which a contract is or is not principally~~
11 ~~for the construction or repair of an improvement to real property~~
12 ~~located in this state.~~]

13 SECTION 3. The changes in law made by this Act apply only to
14 a contract, or an agreement collateral to or affecting a contract,
15 entered into on or after the effective date of this Act. A
16 contract, or an agreement collateral to or affecting a contract,
17 entered into before the effective date of this Act is governed by
18 the law as it existed immediately before the effective date of this
19 Act, and that law is continued in effect for that purpose.

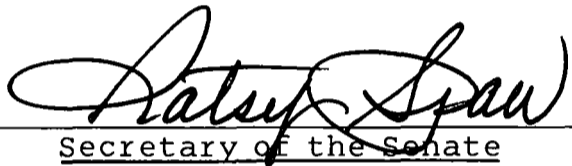
20 SECTION 4. This Act takes effect September 1, 2017.

S.B. No. 807

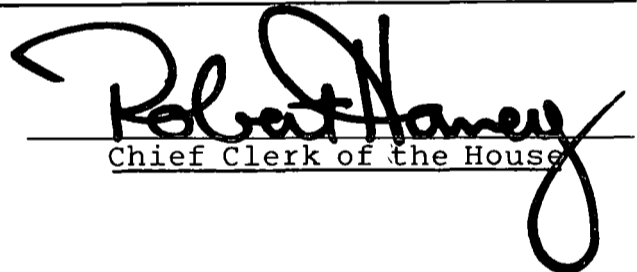

President of the Senate


Speaker of the House

I hereby certify that S.B. No. 807 passed the Senate on May 4, 2017, by the following vote: Yeas 29, Nays 2; and that the Senate concurred in House amendment on May 27, 2017, by the following vote: Yeas 29, Nays 2. _____

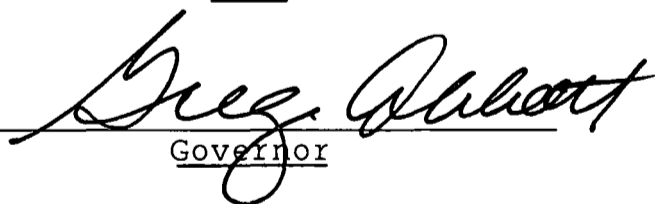

Secretary of the Senate

I hereby certify that S.B. No. 807 passed the House, with amendment, on May 24, 2017, by the following vote: Yeas 135, Nays 8, two present not voting. _____

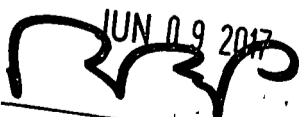

Chief Clerk of the House

Approved:

6 - 7 - 2017
Date


Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
7:00 PM O'CLOCK


Secretary of State

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 19, 2017

TO: Honorable John T. Smithee, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB807 by Creighton (Relating to choice of law and venue for certain construction contracts.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code to render voidable certain contract clauses that fix venue in another state or require the application of another state's law to conflicts arising out of the contract.

The Office of Court Administration and the Office of the Attorney General anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

The bill would take effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General

LBB Staff: UP, LBO, JSm, AG

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 10, 2017

TO: Honorable John T. Smithee, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB807 by Creighton (Relating to choice of law and venue for certain construction contracts.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

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Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General

LBB Staff: UP, LBO, AG, JSm

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 19, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB807 by Creighton (Relating to choice of law and venue for certain construction contracts.), **As Introduced**

No significant fiscal implication to the State is anticipated.

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