AN ACT

relating to the creation of a joint interim committee to study
issues related to construction contracts.

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

SECTION 1. JOINT INTERIM COMMITTEE. (a) A joint interim
committee is created to conduct a study under Section 2 of this Act.
(b) The joint interim committee is composed of members of
the appropriate standing committees of the senate and the house of
representatives as determined by the lieutenant governor and the
speaker of the house of representatives.
(c) The lieutenant governor and speaker of the house of
representatives shall each designate a co-chair from among the
joint interim committee members, and the joint interim committee
shall convene at the joint call of the co-chairs.
(d) The joint interim committee has all other powers and
duties provided to a special or select committee by the rules of the
senate and house of representatives, by Subchapter B, Chapter 301,
Government Code, and by policies of the senate and house committees
on administration.

SECTION 2. INTERIM STUDY. (a) The joint interim committee
shall conduct a study on issues relating to construction contracts
in this state to the extent the committee determines appropriate.
Those issues may include:
(1) the allocation of liability among persons involved
in a construction project;
(2) relationships among parties to construction contracts, including property owners, general contractors, subcontractors, and design professionals;
(3) liens on real property arising from construction contracts;
(4) indemnification and insurance issues;
(5) warranties;
(6) standards of care for persons involved in construction projects; and
(7) civil actions and other forms of dispute resolution arising from construction defects and remedies for construction defects.

(b) Not later than December 1, 2018, the joint interim committee shall issue a report on the study required under this section to the lieutenant governor, the speaker of the house of representatives, and the appropriate standing committees of the house of representatives and the senate.

SECTION 3. EXPIRATION. The joint interim committee created under Section 1 of this Act is abolished and this Act expires September 1, 2019.

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.
S.B. No. 1215

I hereby certify that S.B. No. 1215 passed the Senate on April 19, 2017, by the following vote: Yeas 29, Nays 2; and that the Senate concurred in House amendments on May 27, 2017, by the following vote: Yeas 28, Nays 3.

I hereby certify that S.B. No. 1215 passed the House, with amendments, on May 24, 2017, by the following vote: Yeas 77, Nays 69, one present not voting.

Approved:

Date

Governor

Filed in the office of the Secretary of State 3 P.M. O'Clock JUN 15 2017

Secretary of State
TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, Greg Abbott, Governor of Texas, do hereby disapprove of and veto Senate Bill No. 1215 as passed by the Eighty-Fifth Texas Legislature, Regular Session, because of the following objections:

Senate Bill 1215 creates a joint interim committee of the Legislature to study construction contracts. The House and Senate can, and do, study topics in the interim without passage of a law. Legislation mandating legislative studies and legislative interim committees is unnecessary. The Legislature is free to study construction contracts with or without this bill.

Since the Eighty-Fifth Texas Legislature, Regular Session, by its adjournment has prevented the return of this bill, I am filing these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereon at Austin, this 15th day of June, 2017.

GREG ABBOTT
Governor of Texas

ATTESTED BY:

ROLANDO B. PABLOS
Secretary of State
TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property.), As Passed 2nd House

No fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code exempting a contractor from liability for certain defects in plans, specifications, or other design or bid documents provided to the contractor by the person or person's proxy with whom the contractor has entered into the contract. The bill would only apply to a contract for construction or repair to real property. A contractor must disclose a condition discovered during construction that was not known or could not have reasonably been known at the time of design.

The bill would take effect September 1, 2017.

Local Government Impact

According to the Texas Municipal League, the fiscal impact cannot be determined because it will depend on the particular circumstances with each building project but could be significant in some cases.

Source Agencies:

LBB Staff: UP, CL, GG, BM, AG, JGA, DRE
TO: Honorable René Oliveira, Chair, House Committee on Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property.), Committee Report 2nd House, As Amended

No fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code exempting a contractor from liability for certain defects in plans, specifications, or other design or bid documents provided to the contractor by the person or person's proxy with whom the contractor has entered into the contract. The bill would only apply to a contract for construction or repair to real property. A contractor must disclose a condition discovered during construction that was not known or could not have reasonably been known at the time of design.

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IN RE: SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property.). As Engrossed

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Source Agencies:

LBB Staff: UP, CL, GG, BM, AG, JGA, DRE
TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property.), Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend the Business and Commerce Code exempting a contractor from liability for certain defects in plans, specifications, or other design or bid documents provided to the contractor by the person or person's proxy with whom the contractor has entered into the contract. The bill would only apply to a contract for construction or repair to real property.

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LBB Staff: UP, AG, GG, BM, JGA, DRE
TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or other documents for the construction or repair of an improvement to real property.), As Introduced

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