

BILL ANALYSIS

C.S.H.B. 2995
By: T. King
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, staff leasing companies do not have the protection of lien privileges even though their services were comprised of labor costs. Therefore, staff leasing companies providing labor for a client are at a disadvantage when their invoices for labor are unpaid by the client. The cost factors of these invoices, labor, unemployment insurance, workers' compensation, employee benefits and taxes would be protected by the new provisions of this legislation if it becomes law. Doing so would enable staff leasing companies to pay their employees and the associated employment costs.

RULEMAKING AUTHORITY

It is the opinion of the Committee on Business and Industry that this bill does not grant any additional rulemaking authority to any state officer, department, institution, or agency.

ANALYSIS

SECTION 1. Subtitle B, Title 5, Property Code, is amended to add Chapter 64.

Section 64.001. Definitions

Section 64.002. A staff leasing company may place a lien on a client company if they are under contract with that client company for the amount due under the contract.

Section 64.003. The lien attaches to all things of value that are created with the staff leasing services provided or that are connected with the performance of the staff leasing services that are owned by the client company.

Section 64.004. The lien expires on the first anniversary of the date of attachment.

SECTION 2. This Act applies only to labor performed under or by virtue of a contract entered into before September 1, 2005. Labor performed labor performed under or by virtue of a contract entered into before this date is governed immediately before that date.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF SUBSTITUTE TO ORIGINAL BILL

The change from the original bill is that, in SECTION 1, the committee substitute adds Section 64 to the Property Code instead of amending Chapter 53 of the Property Code. Instead of adding staff leasing to the definition of a "subcontractor", the substitute adds a separate section of the Property Code for the definition and attachment of this specific type of lien. The substitute also sets a duration of one year on the lien.