

BILL ANALYSIS

Senate Research Center

H.B. 2936
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 78th Texas Legislature created the Texas Residential Construction Commission (commission) to establish a registry of homebuilders and of new homes being built in Texas. Homebuilders must register with the commission and register with the commission each home constructed. Non-profit homebuilders were accommodated in the creation of the commission by reducing the costs associated with the registration process, but otherwise must comply with the provisions set forth by the commission if the non-profit acts as a homebuilder.

Some non-profits serve not as homebuilders directly, but as developers of affordable housing and retain ownership of the land and improvements to be sold to income qualified buyers. In this situation, the non-profit contracts with a third party to construct and/or manage the construction of the house and does not act as the homebuilder directly.

As proposed, H.B. 2936 clarifies that the third party builder is responsible for being registered with the commission as a homebuilder and registering the home constructed with the commission.

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 401.003, Property Code, by adding Subsection (d) to provide that the definition of builder does not include a nonprofit business entity that is exempt from taxation under Section 501(c)(3), Internal Revenue Code, if the construction or supervision or management of the construction of the home, material improvement, or improvement sold by the nonprofit business entity is performed by a builder registered under this title, the builder contractually agrees to comply with the provisions of this title, the builder is contractually liable to the homeowner for the warranties and building and performance standards of this title, and the nonprofit business entity does not participate directly in the construction of the home, material improvement, or improvement.

SECTION 2. (a) Provides that this Act applies only to an application for a building permit or registration or certification as a builder, or a request for state-sponsored inspection and dispute resolution that is filed on or after the effective date of this Act.

(b) Makes application of this Act prospective.

SECTION 3. This Act takes effect September 1, 2007.