

BILL ANALYSIS

H.B. 1657
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Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Supreme Court of Texas heard the case of Entergy v. John Summers in January 2007 and entered an opinion later that year. The opinion relied on an interpretation of the Labor Code's definition of "general contractor" and held that a power company could claim immunity from negligence lawsuits as the premises owner because it paid workers' compensation insurance for the workers on the site. The opinion did not consider the legislative intent of the definition of "general contractor."

H.B. 1657 clarifies the definitions of "general contractor" and "subcontractor" for purposes of a contractor's workers' compensation coverage.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1657 amends the Labor Code to clarify the definition of "general contractor," as that term relates to workers' compensation insurance coverage regarding certain independent contractors, to mean a person who undertakes to procure the performance of work or a service only for the benefit of another and the definition of "subcontractor" to mean a person who contracts with a general contractor to perform all or any part of the work or services that the general contractor has contracted with another party, rather than undertaken, to perform.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.