

1-1 By: Schwertner S.B. No. 1980
 1-2 (In the Senate - Filed March 10, 2017; March 27, 2017, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 May 3, 2017, reported favorably by the following vote: Yeas 7,
 1-5 Nays 0, 1 present not voting; May 3, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9				X
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15			X	
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to performance bonds for certain public improvements in
 1-20 certain municipalities.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 212.073, Local Government Code, is
 1-23 amended to read as follows:

1-24 Sec. 212.073. PERFORMANCE BOND; LETTER OF CREDIT.

1-25 (a) Except as provided by Subsection (b), the [The] developer must
 1-26 execute a performance bond for the construction of the improvements
 1-27 that are the subject of the contract under Section 212.071 to ensure
 1-28 completion of the project. The bond must be executed by a corporate
 1-29 surety in accordance with Chapter 2253, Government Code. The
 1-30 amount of the bond must be for the contract price for the
 1-31 improvements. The municipality may not require the developer to
 1-32 include in the amount of the bond any other improvement related to
 1-33 the development that the developer did not contract with the
 1-34 municipality to construct under Section 212.071.

1-35 (b) The municipality and developer may agree that, instead
 1-36 of a performance bond under Subsection (a), the developer may
 1-37 submit to the municipality an irrevocable letter of credit in the
 1-38 amount required under Subsection (a) for the bond. As part of the
 1-39 agreement, the municipality may not pay any amount to the
 1-40 developer, issue a building permit related to the development other
 1-41 than a permit necessary for the improvements that are the subject of
 1-42 the contract, or approve a subdivision plat for the developer
 1-43 until:

1-44 (1) the improvements are:

1-45 (A) complete; or

1-46 (B) in the final phase of construction if the
 1-47 improvements are constructed in phases; and

1-48 (2) the developer has submitted to the municipality an
 1-49 affidavit stating that the developer has paid all costs associated
 1-50 with the construction.

1-51 SECTION 2. Section 212.073, Local Government Code, as
 1-52 amended by this Act, applies only to a contract entered into under
 1-53 Section 212.071, Local Government Code, on or after the effective
 1-54 date of this Act. A contract entered into under Section 212.071,
 1-55 Local Government Code, before the effective date of this Act is
 1-56 governed by the law applicable to the contract immediately before
 1-57 the effective date of this Act, and that law is continued in effect
 1-58 for that purpose.

1-59 SECTION 3. This Act takes effect September 1, 2017.

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