

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 679
By: Bell, Keith et al. (Schwertner)
Business & Commerce
5/9/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 679 prohibits the use of insurance experience modifiers in public and private construction contracts.

Experience modifiers are a workers' compensation actuarial tool normally used when determining rates for employers seeking to purchase workers' compensation coverage. H.B. 679 ensures experience modifiers are applied only where appropriate and restricts the use of experience modifiers in private and public construction contracts.

C.S.H.B. 679 strikes the provisions prohibiting experience modifiers in private construction contracts and prohibits the use of experience modifiers in public contracts, only.

C.S.H.B. 679 amends current law relating to limitations on the use of workers' compensation insurance experience modifier values in soliciting and awarding public construction contracts.

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 Subchapter Z, Chapter 2252, Government Code, by adding Section 2252.909, as follows:

Sec. 2252.909. VOIDABLE CONTRACT PROVISION: EXPERIENCE MODIFIER.
(a) Defines "contract," "contract solicitation," "experience modifier," and "governmental entity."

(b) Provides that with respect to a contract:

(1) an offer to contract is prohibited from containing a term requiring a person to have a specified experience modifier in order to accept the offer; and

(2) a contract solicitation is prohibited from requiring a person to have a specified experience modifier in order to submit a response to the contract solicitation.

(c) Prohibits a contract or an agreement collateral to or affecting a contract from requiring the contractor to have a specified experience modifier.

(d) Provides that a contract solicitation, an offer, a contract, or an agreement collateral to or affecting a contract that violates Subsection (b) or (c) is voidable as against public policy.

SECTION 2. Makes application of Section 2252.909, Government Code, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2023.