

BILL ANALYSIS

C.S.H.B. 2024
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Judiciary & Civil Jurisprudence
Committee Report (Substituted)

BACKGROUND AND PURPOSE

With regards to residential construction, current law provides certain remedies for those seeking relief from a defective or unsafe condition of real property and its improvements. For instance, a person may bring a suit for damages against a person who constructs or repairs an improvement to real property not later than 10 years after substantial completion. C.S.H.B. 2024 establishes new limitations periods for bringing suit for damages arising out of the design, construction, or repair of certain residential construction to require a person to bring suit for damages for certain claims not later than 10 years after completion. However, if the contractor being sued has provided a written warranty for a minimum of one year for workmanship and materials, two years for plumbing, electrical, heating and air-conditioning systems, and six years for major structural components, then a suit must be brought not later than six years after completion of the project.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 2024 amends the Civil Practice and Remedies Code to set the statute of limitations period at 10 years after the substantial completion of an applicable improvement for a claimant to bring suit for damages, with respect to any claim arising out of the design, construction, or repair of a new residence, of an alteration of or repair or addition to an existing residence, or of an appurtenance to a residence, against a person who constructs or repairs an improvement to real property, if the action arises out of a defective or unsafe condition of the real property or a deficiency in the construction or repair of the improvement. If the contractor being sued provided a written warranty for the residence that provides a minimum period of one year for workmanship and materials, two years for plumbing, electrical, heating, and air-conditioning delivery systems, and six years for major structural components, then the period for bringing suit is six years instead. If a claimant presents a written claim under these provisions to the appropriate person within the applicable limitations period, then the period is extended for one year from the date the claim is presented.

C.S.H.B. 2024 defines "residence" as the real property and improvements for a detached one-family or two-family dwelling or a townhouse not more than three stories above grade plane in height with a separate means of egress or an accessory structure not more than three stories above grade plane in height.

C.S.H.B. 2024 defines "contractor" by reference for purposes of the bill's provisions as follows:

- the term means the following:
 - a builder contracting with an owner for the construction or repair of a new residence, for the repair or alteration of or an addition to an existing residence, or for the construction, sale, alteration, addition, or repair of an appurtenance to a new or existing residence;
 - any person contracting with a purchaser for the sale of a new residence constructed by or on behalf of that person; or
 - a person contracting with an owner or the developer of a condominium for the construction of a new residence, for an alteration of or an addition to an existing residence, for repair of a new or existing residence, or for the construction, sale, alteration, addition, or repair of an appurtenance to a new or existing residence;
- the term includes the following:
 - an owner, officer, director, shareholder, partner, or employee of the contractor; and
 - a risk retention group that insures all or any part of a contractor's liability for the cost to repair a residential construction defect.

C.S.H.B. 2024 applies to a cause of action arising out of the design, construction, or repair of an improvement to real property that commences on or after the bill's effective date and expressly does not apply to such a cause of action that commences on or after that date under a contract entered into before that date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2024 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include the provision from the introduced, applicable to a registered or licensed architect, engineer, interior designer, or landscape architect in Texas, that created an eight-year limitation for filing a suit applicable to residential construction arising out of a defective or unsafe condition. The substitute does not include the related provision extending that limitation period for one year if the claimant presented a written claim.

Both the introduced and the substitute provide for a limitations period for a claimant to bring suit for damages, with respect to any claim arising out of the design, construction, or repair of a new residence, of an alteration of or repair or addition to an existing residence, or of an appurtenance to a residence. However, the substitute changes the provision as follows:

- extends the limitations period from eight years, as in the introduced, to 10 years;
- extends the limitations period from five years, as in the introduced, to six years for a claimant to bring suit if the contractor being sued provided a written warranty for the residence that provides minimum periods for certain components of the improvements;
- extends from five years, as in the introduced, to six years the minimum period required to be provided in the warranty for major structural components; and
- includes a definition of "residence."