

## **BILL ANALYSIS**

Senate Research Center  
89R23382 GP-D

H.B. 5435  
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Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The 88th Texas Legislature passed H.B. 2518 to improve transparency in public-private partnerships by requiring leases to include payment and performance bonds, as well as a 90-day notice before starting construction. While this approach works well in most cases, it has created challenges for institutions of higher education that manage projects with shorter timelines or emergency repairs. Details such as scope, contractor, and costs are not known 90 days in advance. This requirement has delayed necessary work and increased costs for institutions of higher education. This bill exempts higher education from the 90-day notice of commencement requirement, preserving transparency while ensuring universities can remain agile and cost-effective.

H.B. 5435 amends current law relating to required lease terms for public property leased to a nongovernmental entity.

### **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 2252.909, Government Code, as added by Chapter 1008 (H.B. 2518), Acts of the 88th Legislature, Regular Session, 2023, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Creates an exception under Subsection (b-1).

(b-1) Provides that the requirement that a lease contain a term requiring notice of commencement to a governmental entity under Subsection (b)(2) (relating to requiring that a lease between a governmental entity and another person regarding public property contain lease terms requiring the person to provide to the governmental entity a notice of commencement consistent with Section 2252.909 (Voidable Contract Provision: Experience Modifier) at least 90 days before certain actions take place) does not apply to a lease between an institution of higher education, as defined by Section 61.003 (Definitions), Education Code, and another person regarding public property.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.