

AN ACT

relating to required lease terms for public property leased to a nongovernmental entity.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

(b) Except as provided by Subsection (b-1), a ~~[A]~~ lease between a governmental entity and another person regarding public property must contain lease terms requiring the person to:

(1) include in each contract for the construction, alteration, or repair of an improvement to the leased property a condition that the contractor:

(A) execute a payment bond that conforms to Subchapter I, Chapter 53, Property Code; and

(B) execute a performance bond in an amount equal to the amount of the contract for the protection of the governmental entity and conditioned on the faithful performance of the contractor's work in accordance with the plans, specifications, and contract documents; and

(2) provide to the governmental entity a notice of commencement consistent with this section at least 90 days before the date the construction, alteration, or repair of any improvement

1 to the leased property begins.

2 (b-1) The requirement that a lease must contain a term  
3 requiring notice of commencement to a governmental entity under  
4 Subsection (b)(2) does not apply to a lease between an institution  
5 of higher education, as defined by Section 61.003, Education Code,  
6 and another person regarding public property.

7 SECTION 2. The change in law made by this Act applies only  
8 to a lease between a governmental entity and another person  
9 regarding public property that is entered into on or after the  
10 effective date of this Act.

11 SECTION 3. This Act takes effect September 1, 2025.

H.B. No. 5435

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President of the Senate

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Speaker of the House

I certify that H.B. No. 5435 was passed by the House on May 8, 2025, by the following vote: Yeas 145, Nays 1, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 5435 was passed by the Senate on May 28, 2025, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor