

1-1 By: Bell of Kaufman (Senate Sponsor - Nichols) H.B. No. 5435  
1-2 (In the Senate - Received from the House May 8, 2025;  
1-3 May 9, 2025, read first time and referred to Committee on Business  
1-4 & Commerce; May 26, 2025, reported favorably by the following vote:  
1-5 Yeas 11, Nays 0; May 26, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
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	X			
1-18	X			

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to required lease terms for public property leased to a  
1-22 nongovernmental entity.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 2252.909, Government Code, as added by  
1-25 Chapter 1008 (H.B. 2518), Acts of the 88th Legislature, Regular  
1-26 Session, 2023, is amended by amending Subsection (b) and adding  
1-27 Subsection (b-1) to read as follows:

1-28 (b) Except as provided by Subsection (b-1), a [A] lease  
1-29 between a governmental entity and another person regarding public  
1-30 property must contain lease terms requiring the person to:

1-31 (1) include in each contract for the construction,  
1-32 alteration, or repair of an improvement to the leased property a  
1-33 condition that the contractor:

1-34 (A) execute a payment bond that conforms to  
1-35 Subchapter I, Chapter 53, Property Code; and

1-36 (B) execute a performance bond in an amount equal  
1-37 to the amount of the contract for the protection of the governmental  
1-38 entity and conditioned on the faithful performance of the  
1-39 contractor's work in accordance with the plans, specifications, and  
1-40 contract documents; and

1-41 (2) provide to the governmental entity a notice of  
1-42 commencement consistent with this section at least 90 days before  
1-43 the date the construction, alteration, or repair of any improvement  
1-44 to the leased property begins.

1-45 (b-1) The requirement that a lease must contain a term  
1-46 requiring notice of commencement to a governmental entity under  
1-47 Subsection (b)(2) does not apply to a lease between an institution  
1-48 of higher education, as defined by Section 61.003, Education Code,  
1-49 and another person regarding public property.

1-50 SECTION 2. The change in law made by this Act applies only  
1-51 to a lease between a governmental entity and another person  
1-52 regarding public property that is entered into on or after the  
1-53 effective date of this Act.

1-54 SECTION 3. This Act takes effect September 1, 2025.

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