

By: Giddings

H.B. No. 520

A BILL TO BE ENTITLED

1 AN ACT

2 relating to workers' compensation insurance coverage under certain  
3 agreements and to liability of third parties for an injury to an  
4 employee.

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

6 SECTION 1. Section 406.121, Labor Code, is amended by  
7 amending Subdivision (1) and adding Subdivision (4-a) to read as  
8 follows:

9 (1) "General contractor" means a person who undertakes  
10 to procure the performance of work or a service for the benefit of  
11 another, either separately or through the use of subcontractors.  
12 The term includes a "principal contractor," "original contractor,"  
13 "prime contractor," or other analogous term. The term does not  
14 include:

15 (A) a motor carrier that provides a  
16 transportation service through the use of an owner operator; or

17 (B) a principal who enters into an agreement with  
18 a general contractor for the performance of work or the provision of  
19 a service.

20 (4-a) "Principal" means a person who enters into a  
21 contract or other agreement with a general contractor for the  
22 benefit of the person for the performance of work or a service in  
23 accordance with the terms of the contract or agreement. In the  
24 context of an agreement regarding the performance of work or a

1 service on the premises of the person contracting with the general  
2 contractor, the term includes a premises owner.

3 SECTION 2. Subchapter F, Chapter 406, Labor Code, is  
4 amended by adding Section 406.128 to read as follows:

5 Sec. 406.128. LIABILITY OF PRINCIPAL. (a) A principal who  
6 enters into a contract or other agreement with a general contractor  
7 for the performance of work or a service for the benefit of the  
8 principal does not, by virtue of that contract or agreement, become  
9 an employer of the employees of the general contractor or any  
10 subcontractor of the general contractor for purposes of Section  
11 408.001.

12 (b) A principal may be liable under Chapter 417 for damages  
13 for an injury or death that:

14 (1) is compensable under this subtitle; and

15 (2) occurs on the premises of the principal.

16 SECTION 3. Section 417.001(a), Labor Code, is amended to  
17 read as follows:

18 (a) An employee or legal beneficiary may seek damages from a  
19 third party who is or becomes liable to pay damages for an injury or  
20 death that is compensable under this subtitle and may also pursue a  
21 claim for workers' compensation benefits under this subtitle. For  
22 purposes of this subsection, a third party may include a principal,  
23 as that term is defined by Section 406.121, if the compensable  
24 injury or death occurs on the premises of the principal.

25 SECTION 4. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this

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- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2009.