

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 24, 2017**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1215 by Hughes (Relating to responsibility for the consequences of defects in the plans, specifications, or related documents for the construction or repair of an improvement to real property. ), **As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

The bill would amend the Business and Commerce Code exempting a contractor from liability for certain defects in plans, specifications, or other design or bid documents provided to the contractor by the person or person's proxy with whom the contractor has entered into the contract. The bill would only apply to a contract for construction or repair to real property. A contractor must disclose a condition discovered during construction that was not known or could not have reasonably been known at the time of design.

The bill would take effect September 1, 2017.

**Local Government Impact**

According to the Texas Municipal League, the fiscal impact cannot be determined because it will depend on the particular circumstances with each building project but could be significant in some cases.

**Source Agencies:**

**LBB Staff:** UP, CL, GG, BM, AG, JGA, DRE