

# Texas Construction Association

REPRESENTING TEXAS SUBCONTRACTORS AND SUPPLIERS

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## Texas Legislative News – May 18, 2007

**CONTINGENT PAYMENT BILL PASSES HOUSE YESTERDAY.** After many years of hard work by the membership of the Texas Construction Association, the contingent payment bill has passed both the House and the Senate. SB 324 is on its way back to the Senate for concurrence by the Senate in a minor House amendment. The Senate is expected to concur on the bill in the next couple of legislative days. After concurrence, the measure goes to the Governor. TCA wants to thank all who over the years wrote letters, called legislators, and traveled to Austin to show support for contingent payment legislation. The membership and the staff of the Texas Building Branch of the Associated General Contractors are to be thanked for their support and efforts in passing this legislation.

**Indemnity Bill in House Committee.** SB 346 is pending in the House Civil Practices Committee and efforts are being made to move the bill to the Calendars Committee. A compromise agreement is being developed to spur movement on the bill.

**Consolidated Insurance Program.** Despite reaching tentative agreement on SB 354 with opponents earlier in the week, time has run out on moving that bill out of the Senate in time for the House to consider the legislation. TCA worked over the weekend with opponents of the bill and resolved the major differences on Monday. However, with May 23 being the deadline to pass a Senate bill out of the House, there was simply not enough time to pass a Senate bill out of the Senate, resolve any remaining issues, and get the bill passed in the House.

Despite the fact that the measure did not pass, substantial progress has been made on the issue. Agreement was reached with the general contractors on the issue and they supported the efforts to pass the bill. Also, agreement was reached with two major transportation authorities and a major broker of the programs. It is anticipated that discussions will continue during the interim to hone the differences and broaden the support for this important issue.

**Tax Bill.** The tax clean-up bill, HB 3928, is now awaiting hearing on the Senate Floor. The Senate Finance Committee made some changes to the legislation including creating a new “alternative franchise tax” which a business entity may choose in lieu of the “margin franchise tax” that went into effect this year. The new tax would be at a rate of .63% of total revenue made in Texas. The current margin franchise tax is based upon total revenue less either costs of good sold or costs of compensation which sum is taxed at a 1% rate. Also, this alternative would go into effect if the margin franchise tax was found to be unconstitutional. The fate of this proposal is uncertain as to whether it can pass the Senate and then whether the House will agree to any changes.

**More Information on the TCA Website.** If you want to look at the TCA bills that have been filed, find out who represents you or want to know more about TCA, our website address is [www.texcon.org](http://www.texcon.org). If you have specific questions, you can call TCA at 512/473-3773.