

**SUBJECT:** Exempting agencies from paying interest of \$5 or less on late payments

**COMMITTEE:** Appropriations — favorable, without amendment

**VOTE:** 20 ayes — Otto, Ashby, Bell, Burkett, Capriglione, S. Davis, Giddings, Gonzales, Howard, Hughes, Koop, Márquez, McClendon, R. Miller, Phelan, Raney, J. Rodriguez, Sheffield, VanDeaver, Walle

0 nays

7 absent — Sylvester Turner, G. Bonnen, Dukes, Longoria, Miles, Muñoz, Price

**WITNESSES:** For — None

Against — None

On — Brian Ragland, Texas Department of Transportation

**BACKGROUND:** Government Code, sec. 2251.026 makes state agencies liable for interest that accrues on overdue payments for goods and services. The interest must be paid at the same time that the principal is paid. Sec. 2251.026(j) prohibits interest from accruing and being paid by institutions of public higher education if the interest totals \$5 or less.

**DIGEST:** HB 3601 would prohibit interest from accruing and being paid on overdue payments for goods and services bought by a state agency if the interest totaled \$5 or less.

The bill would take effect September 1, 2015, and would apply only to the accrual of interest on or after that date.