

- SUBJECT:** Requiring notice of disputed amounts regarding certain invoices
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 11 ayes — Paddie, Deshotel, Harless, Howard, Hunter, P. King, Lucio, Metcalf, Raymond, Shaheen, Slawson
- 0 nays
- 2 absent — Hernandez, Smithee
- WITNESSES:** For — Sewall C. "Spike" Cutler, Independent Electrical Contractors of Texas; (*Registered, but did not testify:* Jamaal Smith, City of Houston, Office of the Mayor Sylvester Turner; CJ Tredway, Independent Electrical Contractors of Texas; Eric Woomer, Texas Construction Association)
- Against — None
- BACKGROUND:** Government Code sec. 2251.042 requires a governmental entity to notify a vendor of an error in an invoice submitted for payment by the vendor within 21 days after the invoice was received.
- It has been noted that governmental entities are not required to give a vendor specific notice of the amount in an invoice an entity considers erroneous. Concerns have been raised that the absence of such specific notice does not provide sufficient clarity for vendors and enables government entities to withhold all funds owed to a vendor until the dispute is resolved.
- DIGEST:** HB 1476 would require a governmental entity to notify a vendor of any disputed amount in an invoice submitted for payment by the vendor within 21 days after receiving the invoice. The notice would have to include a detailed statement of the disputed amount. The governmental entity would be able to withhold from required payments no more than 110 percent of the disputed amount.

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The bill would take effect September 1, 2021, and would apply only to a contract entered into on or after that date.