

**SUBJECT:** Amending requirements for timely payments in contracting

**COMMITTEE:** Business & Industry — committee substitute recommended

**VOTE:** 8 ayes — Longoria, Vasut, Cole, Frazier, J. González, Isaac, Lambert, Neave Criado

0 nays

1 absent — Hinojosa

**WITNESSES:** For — Fred Heldenfels; Paul Holden; Regan OSteen Tragon; Jennifer Fagan, Texas Construction Association

Against — (*Registered, but did not testify*: Corbin Van Arsdale, AGC-Texas Building Branch; Sarah Lacy, Texas Building Owners and Managers Association (Texas BOMA); Tracey Borders Mittnacht, The Associated General Contractors of Texas - Highway, Heavy, Utilities and Industrial Branch)

**BACKGROUND:** Concerns have been raised that some general contractors may withhold payments to subcontractors based on disputes on another project.

**DIGEST:** CSHB 2928 would specify that a good faith dispute would not include a dispute relating to a contract, work order, contractual arrangement, or any other agreement between the parties that was not related to the contract for construction under which payment was requested or required.

The bill also would specify that a trustee would be considered to have misapplied the trust funds if the trustee retained or otherwise diverted trust funds due to a dispute arising under a construction contract other than the contract in connection with which the trust funds were received.

The bill would take effect September 1, 2023, and would apply only to a contract entered into on or after the effective date.