

By: Bell of Kaufman, Button, Kitzman, Barry,
Anchía

H.B. No. 3288

Substitute the following for H.B. No. 3288:

By: Button

C.S.H.B. No. 3288

A BILL TO BE ENTITLED

AN ACT

relating to the application of funds under certain construction
contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 162.031, Property Code, is amended by
adding Subsection (a-1) to read as follows:

(a-1) This subsection applies only to a trustee who receives
trust funds or who has control or direction of trust funds in
connection with a nonresidential construction contract. A trustee,
other than an owner, who retains or otherwise diverts trust funds
due to a dispute, including an alleged default, arising under a
construction contract other than the contract in connection with
which the trust funds were received by or placed under the control
or direction of the trustee has misapplied the trust funds. For
purposes of this subsection, "owner" means the person or entity
that:

(1) owns or controls the premises at which
construction of improvements is to be performed; and

(2) is responsible for payment to the contractor for
the construction of improvements.

SECTION 2. The changes in law made by this Act apply only to
a contract that is entered into on or after the effective date of
this Act.

SECTION 3. This Act takes effect September 1, 2025.