

## **BILL ANALYSIS**

C.S.H.B. 2075  
By: Krusee  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The purpose of retainage by the Texas Department of Transportation was to make sure that all bills on a project were paid and that if, at the end of a project, excess payments had been made by the department, they would have a mechanism to recoup the funds. The stability of performance and payment bonds has eliminated the need for retainage. These bonds provide a full guaranty that all bills are paid and quantities are adjusted at the end of a project.

This proposed legislation would allow the Texas Department of Transportation to mirror, on projects that are 100% funded by the state, the provision for no retainage that currently applies on federal-aid work.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

Section 1. Amends Section 223.009 Transportation Code to allow for partial payments by the department to contractors for certain projects to be permissive.

Section 2. Amends Transportation Code 223.010(a) by adding language to make it permissive for the department to retain a part of the amount of certain contracts upon completion of a project.

Section 3. Repeals Sections 223.010 (h) and (i), and Section 223.011 of the Transportation Code.

Section 4. Effective Date. September 1, 2007, or immediately if approved in the manner prescribed by the Texas Constitution.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

If federal policy in regards to retainage requirements should change in the future, then CSHB 2075 would give the state the flexibility to change with federal policy.