

By: Smith of Harris

H.B. No. 1513

A BILL TO BE ENTITLED

AN ACT

relating to construction contract trust funds and the misapplication of those funds.

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

SECTION 1. Section 162.001, Property Code, is amended by adding Subsection (d) to read as follows:

(d) Trust funds paid to a creditor under this chapter are not property or an interest in property of a debtor who is a trustee described by Section 162.002.

SECTION 2. Section 162.004, Property Code, is amended by adding Subsection (c) to read as follows:

(c) Regardless of whether a construction contract is covered by a statutory or common law payment bond, this chapter applies to a public or private construction contract for the improvement of specific real property in this state.

SECTION 3. Section 162.031, Property Code, is amended by adding Subsection (d) to read as follows:

(d) A trustee who commingles trust funds with other funds in the trustee's possession does not defeat a trust created by this chapter.

SECTION 4. This Act takes effect September 1, 2009.