

By: Hinojosa

S.B. No. 1689

A BILL TO BE ENTITLED

AN ACT

relating to governmental liability for interest resulting from a claim for payment for goods or services.

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

SECTION 1. Section 2251.002(a), Government Code, is amended to read as follows:

(a) Except as provided by Subchapter D, Subchapter B does not apply to a payment made by a governmental entity, vendor, or subcontractor if:

(1) there is a bona fide dispute between the governmental entity [~~political subdivision~~] and a vendor, contractor, subcontractor, or supplier about the goods delivered or the service performed that causes the payment to be late;

(2) there is a bona fide dispute between a vendor and a subcontractor or between a subcontractor and its supplier about the goods delivered or the service performed that causes the payment to be late;

(3) the terms of a federal contract, grant, regulation, or statute prevent the governmental entity from making a timely payment with federal funds; or

(4) the invoice is not mailed to the person to whom it is addressed in strict accordance with any instruction on the purchase order relating to the payment.

SECTION 2. Section 2251.042, Government Code, is amended by

1 adding Subsection (d) to read as follows:

2 (d) A governmental entity is not liable for interest under
3 this section if the governmental entity's invoice payment is late
4 because of a bona fide dispute between the governmental entity and a
5 vendor, contractor, subcontractor, or supplier concerning the
6 goods delivered or the service performed.

7 SECTION 3. The changes in law made by this Act apply only to
8 a contract entered into or renewed on or after the effective date of
9 this Act. A contract entered into or renewed before the effective
10 date of this Act is governed by the law as it existed on the date the
11 contract was entered into or renewed, and that law is continued in
12 effect for that purpose.

13 SECTION 4. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2009.