

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 5, 2017**

**TO:** Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3913** by Shine ( Relating to retainage requirements for certain public works construction projects.), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Subchapter B of Chapter 2252 of the Government Code, regarding contracts with a governmental entity.

The bill would require a governmental entity to include, in each public works contract to which the governmental entity is a party, certain provisions relating to the release of retainage.

The bill would prohibit a governmental entity from withholding a retainage that exceeds 5 percent of the contract price on a public works contract with a total value of \$1 million or more. The bill would authorize a governmental entity, with regards to such a contract, to: (1) release retainage for completed portions of the work; and (2) release a portion of the retainage on substantial completion of the project.

The bill would prohibit a governmental entity from withholding retainage under certain circumstances.

The bill would impose certain restrictions on retainage withheld by a prime contractor from a subcontractor, or by a subcontractor from another subcontractor, under public works contracts with a total value of at least \$250,000.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

The Texas Facilities Commission, the Comptroller of Public Accounts, the Texas Department of Transportation and the Texas Education Agency indicate that the bill would have no fiscal impact on the respective agency.

The Public Utility Commission of Texas indicates that it could absorb the costs associated with the bill within its current resources.

The Texas General Land Office indicates that the bill would have an indeterminate fiscal impact on the agency.

**Local Government Impact**

According to the Texas Association of Counties, the fiscal impact to counties is not anticipated to be significant.

**Source Agencies:** 303 Facilities Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 473 Public Utility Commission of Texas, 601 Department of Transportation, 701 Texas Education Agency

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