

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 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.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Subchapter B of Chapter 2252 of the Government Code, regarding contracts with a governmental entity.

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. However, after an entity has beneficial use of the public work that is the subject of such a contract, the bill would prohibit the entity from withholding a retainage that exceeds 2 percent of the contract price.

The bill would prohibit a governmental entity, on receipt of beneficial use of the public work that is the subject of a public works contract with a total value of less than \$1 million, from withholding more than one-half of the total retainage under the contract.

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

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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