88R23609 ATP-F

By:  Turner H.B. No. 2928

Substitute the following for H.B. No. 2928:

By:  Cole C.S.H.B. No. 2928

A BILL TO BE ENTITLED

AN ACT

relating to the payment or application of funds under construction contracts.

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

SECTION 1.  Section 28.003, Property Code, is amended by adding Subsection (c) to read as follows:

(c)  For purposes of this section, a good faith dispute does not include a dispute relating to a contract, work order, contractual arrangement, or any other agreement between the parties that is not related to the contract for construction under which payment is requested or required.

SECTION 2.  Section 162.031, Property Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  A trustee who retains or otherwise diverts trust funds due to a dispute, including an alleged default, arising under a construction contract other than the contract in connection with which the trust funds were received by or placed under the control or direction of the trustee has misapplied the trust funds.

SECTION 3.  The changes in law made by this Act apply only to a contract that is entered into on or after the effective date of this Act.

SECTION 4.  This Act takes effect September 1, 2023.