

BILL ANALYSIS

H.B. 3005
By: Gervin-Hawkins
Trade, Workforce & Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that ongoing audits of certain public work construction projects are counter to the purpose of the Texas Prompt Payment Act, effectively negating the payments agreed upon under contract, delaying the release of retainage already earned by contractors, and making contractors act as financiers of public projects. H.B. 3005 seeks to clarify that audits on construction projects for public works are subject to the Texas Prompt Payment Act by excluding from a bona fide and good faith dispute an audit that continues for more than 60 days after the project's substantial completion.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3005 amends the Government Code to establish that, for purposes of statutory provisions relating to payment for goods and services under state and local government contracts, a bona fide dispute with respect to a contract for the construction of a public work does not include an audit of the public work project that continues for more than 60 days after the date of the substantial completion of the project.

H.B. 3005 amends the Property Code to establish that, for purposes of statutory provisions providing for withholding of payment to contractors and subcontractors when a good faith dispute exists with respect to a contract for construction of or improvements to real property, a good faith dispute does not include an audit of the construction or improvement project under contract that continues for more than 60 days after the date of the substantial completion of the project.

H.B. 3005 applies only to a contract that is entered into on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2025.