

By: Curry

H.B. No. 2484

A BILL TO BE ENTITLED

AN ACT

relating to an account for construction retainage.

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

SECTION 1. Title 4, Business & Commerce Code, is amended by adding Chapter 60 to read as follows:

CHAPTER 60. ACCOUNT FOR CONSTRUCTION RETAINAGE

Sec. 60.001. DEFINITIONS. In this chapter:

(1) "Construction contract" has the meaning assigned by Section 272.0001.

(2) "Retainage" is an amount or agreed percentage of money in a construction contract between a contractor and a subcontractor that is withheld from a payment and not due to be paid until completion of the contract or on an agreed date.

Sec. 60.002. ESCROW ACCOUNT FOR RETAINAGE. If a construction contract or an agreement collateral to or affecting the construction contract contains a provision providing for retainage, the contractor shall deposit and hold any retainage in an escrow account. Money in the escrow account is available to satisfy the contractor's obligation to a subcontractor.

Sec. 60.003. LATE PAYMENT. If a contractor does not satisfy the contractor's obligation to the subcontractor within three months after the date the subcontractor completes performance due under the construction contract, the contractor is liable to the subcontractor in an amount equal to the sum of:

1 (1) the original obligation; and

2 (2) three percent of the original obligation.

3 SECTION 2. The changes in law made by this Act apply only to
4 a contract that is entered into or renewed on or after the effective
5 date of this Act. A contract entered into before the effective date
6 of this Act is governed by the law in effect on the date the contract
7 was entered into, and the former law is continued in effect for that
8 purpose.

9 SECTION 3. This Act takes effect September 1, 2025.