

By: Bell of Kaufman, Curry, Dorazio,
Richardson, Campos

H.B. No. 3290

Substitute the following for H.B. No. 3290:

By: Button

C.S.H.B. No. 3290

A BILL TO BE ENTITLED

AN ACT

relating to the time period for which certain funds payable under a construction contract must be reserved for the benefit of mechanic's lien claimants.

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

SECTION 1. Section 53.101, Property Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) During the progress of work under an original contract for which a mechanic's lien may be claimed and for the period described by Subsection (a-1) ~~[30 days after the work under the contract is completed]~~, the owner shall reserve:

(1) 10 percent of the contract price of the work to the owner; or

(2) 10 percent of the value of the work, measured by the proportion that the work done bears to the work to be done, using the contract price or, if there is no contract price, using the reasonable value of the completed work.

(a-1) The owner shall reserve the funds described by Subsection (a) for a period ending the earlier of:

(1) the 31st day after the date the work under the contract is completed; or

(2) the 61st day after the date:

(A) a certificate of occupancy is issued for the

1 improvement; or

2 (B) the improvement is first used for its
3 intended purpose.

4 (a-2) Subject to Section 28.003, the owner shall pay 50
5 percent of the funds reserved under Subsection (a) not later than
6 the day described by Subsection (a-1)(2).

7 SECTION 2. The changes in law made by this Act apply only to
8 a contract entered into on or after the effective date of this Act.
9 A contract entered into before the effective date of this Act is
10 governed by the law as it existed immediately before the effective
11 date of this Act, and that law is continued in effect for that
12 purpose.

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