

By: Hinojosa of Hidalgo

S.B. No. 1530

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

13 (1) 10 percent of the contract price of the work to the
14 owner; or

15 (2) 10 percent of the value of the work, measured by
16 the proportion that the work done bears to the work to be done,
17 using the contract price or, if there is no contract price, using
18 the reasonable value of the completed work.

19 (a-1) After the completion of work under an original
20 contract for which a mechanic's lien may be claimed, the owner shall
21 reserve the funds described by Subsection (a) for a period ending
22 the earlier of:

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

1 (2) the 61st day after the date:

2 (A) a certificate of occupancy is issued for the
3 improvement; or

4 (B) the improvement is first used for its
5 intended purpose.

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

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