

By: Johnson

S.B. No. 1612

A BILL TO BE ENTITLED

AN ACT

relating to construction contract trust funds.

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

SECTION 1. Section 162.001, Property Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Except as provided by this subsection, funds reserved or required to be reserved under Section 53.101 are trust funds under this chapter. Funds reserved or required to be reserved under Section 53.101 for the construction or repair of a new or existing single-family house, duplex, triplex, or quadruplex, to be used for residential purposes, including improvements appurtenant to the residence, are not trust funds under this chapter.

SECTION 2. Section 162.003(a), Property Code, is amended to read as follows:

(a) An artisan, laborer, mechanic, contractor, subcontractor, or materialman who labors or who furnishes labor or material for the construction or repair of an improvement on specific real property in this state is a beneficiary of any trust funds:

(1) paid or received in connection with the improvement; or

(2) reserved or required to be reserved under Section 53.101 in connection with the improvement.

SECTION 3. Subchapter B, Chapter 162, Property Code, is

1 amended by adding Section 162.034 to read as follows:

2 Sec. 162.034. ATTORNEY'S FEES AND COSTS. The court shall  
3 award costs and reasonable attorney's fees to a beneficiary who  
4 prevails in an action brought against a trustee under this chapter.

5 SECTION 4. (a) Except as provided by Subsection (b) of this  
6 section, the changes in law made by this Act apply only to a  
7 construction contract that is entered into on or after the  
8 effective date of this Act.

9 (b) Section 162.034, Property Code, as added by this Act,  
10 applies only to an action commenced on or after the effective date  
11 of this Act.

12 SECTION 5. This Act takes effect September 1, 2025.