

By: Johnson

S.B. No. 1615

A BILL TO BE ENTITLED

AN ACT

relating to the application of funds under construction contracts.

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

SECTION 1. Section 162.031, Property Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) A trustee who retains or otherwise diverts trust funds due to a dispute, including an alleged default, arising under a construction contract other than the contract in connection with which the trust funds were received by or placed under the control or direction of the trustee has misapplied the trust funds.

SECTION 2. The changes in law made by this Act apply only to a contract that is entered into on or after the effective date of this Act.

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