

BILL ANALYSIS

Senate Research Center

H.B. 1476
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Local Government
5/20/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current Texas law, a governmental entity is required to notify a vendor of an error or dispute with an invoice for payment and is permitted to withhold all funds owed to that vendor until the dispute is resolved. Currently, while notice is statutorily required, there is no provision in the code requiring the governmental entity to quantify or provide a detailed statement or the amount of the invoice which is being disputed. As a result, the governmental entity is currently allowed to withhold all funds owed to that vendor until the dispute is resolved. H.B. 1476 seeks to address this issue and increase transparency and fairness by requiring a governmental entity to detail the amount of an invoice that is being disputed and permitting the entity to withhold from payments required no more than 110 percent of that disputed amount, thus allowing the vendor to receive partial payment for work completed that is not in dispute.

H.B. 1476 amends current law relating to a vendor's remedies for nonpayment of a contract with this state or a political subdivision of this state.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2251.042, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Requires a governmental entity to notify a vendor of an error or disputed amount in an invoice submitted for payment by the vendor not later than the 21st day after the date the entity receives the invoice, and to include in such notice a detailed statement of the amount of the invoice which is disputed.

(d) Authorizes the governmental entity to withhold from payments required no more than 110 percent of the disputed amount.

SECTION 2. Makes application of Section 2251.042, Government Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2021.