

Statutory Financial-Standing Clauses

Child Support Certification

[Section 231.006 of our Texas Family Code](#) requires all contractors who do business with the State to certify that they are not delinquent in the payment of child support. Should a contractor claim not to be delinquent, but this proves untrue, the contractor must acknowledge that an agency can terminate the contract and withhold payment.

Franchise Tax Certification

[Section 2107.008 of our Government Code](#) does not *explicitly* require that State agencies must include a clause about franchise taxes in its contracts, but it does state that State agencies cannot pay a contractor that is delinquent in paying state franchise taxes. To avoid any payment complications, and to avoid violating this law, it is necessary to include a certification stating that the contractor is not delinquent with Section 2107.008.

Payment of Debts to State of Texas

Technically, [Sections 2107.008](#) and 2252.903 of the Government Code only requires State agencies to include this clause in contracts with contractors whom the State comptroller has determined are in debt to the State or delinquent in the payment of taxes. Rather than have a contractor relay its standing with the State and take action based on the response, however, it is more efficient (for both parties) to simply ask a contractor to acknowledge that if they are in debt to the State, payments that are owed under the contract may first be applied to pay off their debt.