

2026 Regular Session

HOUSE BILL NO. 638

BY REPRESENTATIVE JACOB LANDRY

CONTRACTORS: Provides relative to payments to contractors and subcontractors

1 AN ACT

2 To amend and reenact R.S. 9:2784(A) through (D) and to enact R.S. 9:2784(E) through (G),
3 relative to the prompt payment to contractors and subcontractors; to establish
4 procedure; to provide time delays; to provide penalties; to provide relative to accrued
5 interest; to provide for contract nullity; to provide for a cause of action; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 9:2784(A) through (D) are hereby amended and reenacted and R.S.
9 9:2784(E) through (G) are hereby enacted to read as follows:

10 ~~§2784. Late payment by contractors to subcontractors and suppliers; penalties~~
11 Prompt payment by owners to contractors; prompt payment to subcontractors
12 and suppliers; penalties; action to collect payment; attorney fees and costs
13 A.(1) If an owner or person authorized to act on behalf of the owner receives
14 a written payment request from a contractor for an amount permitted under a contract
15 for construction of improvements made to an immovable for properly performed
16 work or suitably stored or specially fabricated materials under the contract, the
17 owner shall pay the amount to the contractor no later than the thirty-fifth day after
18 the date the owner receives the written request unless any amount is withheld as
19 authorized by this Section.

1 (2) If the owner or person authorized to act on behalf of the owner fails to
2 make payment to the contractor within thirty-five consecutive days of the receipt of
3 the written payment request from a contractor for improvements to an immovable,
4 in the absence of a good faith dispute, the owner shall pay to the contractor a penalty
5 in the amount of one and a half percent of the amount due per day beginning after
6 the date on which the payment becomes due in addition to the payment owed.

7 B.(1) ~~When a~~ A contractor who receives any payment from the owner for

8 improvements to an immovable after the issuance of a certificate of payment by the
9 architect or engineer, or when a contractor receives any payment from the owner for
10 improvements to an immovable when no architect or engineer is on the job, or
11 person authorized to act on behalf of the owner for the construction of or for
12 improvements made to an immovable ~~the contractor shall promptly pay such monies~~
13 ~~received~~ shall promptly pay each subcontractor and supplier the portion of payment
14 that is attributable to work properly performed or materials suitably stored or
15 specially fabricated as provided by the contract by the subcontractor or supplier,
16 including any interest accrued, to the extent of the subcontractor or supplier's interest
17 in the payment. ~~to each subcontractor and supplier in proportion to the percentage~~
18 ~~of work completed prior to the issuance of the certificate of payment by such~~
19 ~~subcontractor and supplier, or by the owner if no architect or engineer is on the job.~~
20 ~~Further, whenever a subcontractor receives payment from the contractor, the~~
21 ~~subcontractor shall promptly pay such monies received to each sub-subcontractor~~
22 ~~and supplier in proportion to the work completed.~~ The payment required by this
23 Subsection shall be made no later than the seventh day after the date the contractor
24 receives payment from the owner or person authorized to act on behalf of the owner.

25 (2) A subcontractor who receives a payment from the contractor pursuant to
26 this Section or from a contractor in connection with a contract to improve an
27 immovable shall promptly pay each subcontractor and supplier the portion of the
28 payment that is attributable to work properly performed or materials suitably stored
29 or specially fabricated as provided under the contract by the subcontractor or

1 supplier, including any interest, to the extent of the subcontractor's or supplier's
2 interest in the payment. The payment required by this Subsection shall be made no
3 later than the seventh day after the date the subcontractor receives payment from the
4 contractor.

5 ~~B. If for any reason the contractor receives less than the full payment from~~
6 ~~the owner, then the contractor shall be obligated to disperse only the funds received~~
7 ~~on a prorated basis with the contractor, subcontractors, and suppliers each receiving~~
8 ~~a prorated portion based on the amount due on the payment.~~

9 ~~C. (3) If the contractor or subcontractor without reasonable cause fails to~~
10 ~~make any an owed payment to his subcontractors and suppliers within ~~fourteen~~ seven~~
11 ~~consecutive days of the receipt of payment from the owner for improvements to an~~
12 ~~immovable in the absence of a good faith dispute, the contractor or subcontractor~~
13 ~~shall pay to the subcontractors and suppliers, in addition to the payment, a penalty~~
14 ~~in the amount of ~~one-half of one percent~~ one and a half percent of the amount due;~~
15 ~~per day, from the expiration of the period allowed herein for payment after the~~
16 ~~receipt of payment from the owner beginning on the day after the date on which the~~
17 ~~payment is due. The total penalty shall not exceed fifteen percent of the outstanding~~
18 ~~balance due. In addition, the contractor or subcontractor shall be liable for~~
19 ~~reasonable attorney fees for the collection of the payments due the subcontractors~~
20 ~~and suppliers. However, any claim which the court finds to be without merit shall~~
21 ~~subject the claimant to all reasonable costs and attorney fees for the defense against~~
22 ~~such claim.~~

23 C. If a good faith dispute exists concerning the amount owed for a payment
24 requested or required by this Section under a contract for construction of or
25 improvements to an immovable, the owner, contractor, or subcontractor disputing
26 the obligation to pay shall pay the amount that is not in dispute within the applicable
27 timeframe pursuant to this Section. For purposes of this Section, a good faith dispute
28 may include a dispute regarding whether the work was performed in a proper manner
29 under the contract.

1 D.(1) An unpaid amount as described in this Section shall have an interest
2 rate of one and a half percent each day.

3 (2) Interest on any unpaid amounts pursuant to this Section stops accruing
4 on the earlier of the date of delivery of payment, the date the payment is mailed if
5 delivered within three days, or the date a judgment is rendered on an action brought
6 pursuant to this Section.

7 E. A waiver of a provision of this Section shall be absolutely null.

8 F. An obligor may bring an action to collect the payments and penalties
9 owed in accordance with this Section. The court shall award court costs and
10 reasonable attorney fees to the prevailing party. The rights and remedies provided
11 by this Section are in addition to any other rights and remedies available under the
12 law.

13 Ð. G. The provisions of this Section shall not be applicable to construction
14 or improvements to immovable property used for residential purposes.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 638 Original

2026 Regular Session

Jacob Landry

Abstract: Provides relative to prompt payment for contractors and subcontractors.

Present law provides for payment by an owner for improvements to an immovable made to a contractor and requires a contractor to promptly pay the subcontractor and suppliers in proportion to the percentage of work completed in certain circumstances. Also requires a subcontractor to pay a sub-subcontractor and supplier in proportion to the work completed.

Present law requires a contractor to pay a contractor, subcontractor, and supplier a prorated portion based on any amount due on payment if the contractor receives less than the full amount of payment from the owner.

Present law provides for the rights of contractors and subcontractors regarding failure of payment after 14 days from receiving payment from the owner which includes a penalty of no more than 15% of the total amount due. Permits the award of court costs and reasonable attorney fees.

Proposed law revises present law to establish the procedure, time delay, and penalties for late payments from an owner or person authorized to act on behalf of an owner to contractors.

Proposed law increases the daily penalty percentage on amounts due from 0.5% to 1.5% per day.

Proposed law requires an owner or person authorized to act on behalf of the owner to make payments to the contractor within 35 days of written request for payment unless any amount is withheld pursuant to proposed law. If payment is not timely made, the contractor is entitled to the amount due and 1.5% of the amount due per day beginning on the day after payment becomes due.

Proposed law requires a contractor that receives any payment from the owner or person authorized to act on behalf of the owner to pay each subcontractor and supplier of work properly performed or materials suitably stored or specially fabricated as provided by the contract by the subcontractor or supplier, including any interest accrued, to the extent of the subcontractor's or supplier's interest in the payment.

Proposed law provides that if a contractor or subcontractor, absent a good faith dispute, does not make prompt payments to the subcontractors and suppliers within seven days of receiving payment from the owner or person authorized to act on behalf of an owner, the subcontractors and suppliers are entitled to the amount due and 1.5% of the amount due per day beginning on the day after payment becomes due.

Proposed law requires the amount not in dispute to be promptly paid if there is a good faith dispute regarding an amount owed.

Proposed law provides that interest on any unpaid amounts stops accruing on the earlier of the delivery of payment, date the payment is mailed if delivered within three days, or date a judgment is rendered.

Proposed law provides that the waiver of any provision of proposed law is absolutely null.

Proposed law provides that an obligor may bring an action under proposed law, in addition to any other rights and remedies provided in present law, to collect amounts due and permits the award of court costs and attorney fees.

Present law provides that present law does not apply to improvements made on immovable property used for residential purposes.

Proposed law generally retains present law but also adds that constructions made to an immovable do not apply to the provisions of proposed law.

(Amends R.S. 9:2784(A)-(D); Adds R.S. 9:2784(E)-(G))