
DIGEST

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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))