

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 owed to the contractor, unless any amount is withheld  
18 as authorized by law, the contract, or this Section, no later than thirty-five days  
19 following receipt of the written request.

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 days of the receipt of the written  
 3           payment request from a contractor for improvements to an immovable, in the  
 4           absence of a good faith dispute, the owner shall pay to the contractor a penalty in  
 5           accordance with Subsection D of this Section. This penalty shall be in addition to  
 6           any other remedies authorized by law or the contract for construction on or  
 7           improvements to the immovable.

8           B.(1) ~~When a~~ A contractor who receives any payment from the owner for  
 9           improvements to an immovable after the issuance of a certificate of payment by the  
 10           architect or engineer, or when a contractor receives any payment from the owner for  
 11           improvements to an immovable when no architect or engineer is on the job, or  
 12           person authorized to act on behalf of the owner for the construction of or for  
 13           improvements made to an immovable the contractor shall promptly pay such monies  
 14           received shall promptly pay each subcontractor and supplier the portion of payment  
 15           that is attributable to work properly performed or materials suitably stored or  
 16           specially fabricated as provided by the contract by the subcontractor or supplier,  
 17           including any interest accrued, to the extent of the subcontractor or supplier's interest  
 18           in the payment. to each subcontractor and supplier in proportion to the percentage  
 19           of work completed prior to the issuance of the certificate of payment by such  
 20           subcontractor and supplier, or by the owner if no architect or engineer is on the job.  
 21           Further, whenever a subcontractor receives payment from the contractor, the  
 22           subcontractor shall promptly pay such monies received to each sub-subcontractor  
 23           and supplier in proportion to the work completed. The payment required by this  
 24           Subsection shall be made no later than the seventh day after the date the contractor  
 25           receives payment from the owner or person authorized to act on behalf of the owner.

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

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

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

10                ~~€. (3) If the contractor or subcontractor without reasonable cause fails to~~  
 11        ~~make any an owed payment to his subcontractors and suppliers within ~~fourteen~~ seven~~  
 12        ~~consecutive days of the receipt of payment from the owner for improvements to an~~  
 13        ~~immovable in the absence of a good faith dispute, the contractor or subcontractor~~  
 14        ~~shall pay to the subcontractors and suppliers, in addition to the payment, a penalty~~  
 15        ~~in the amount of one-half of one percent of the amount due, per day, from the~~  
 16        ~~expiration of the period allowed herein for payment after the receipt of payment from~~  
 17        ~~the owner. The total penalty shall not exceed fifteen percent of the outstanding in~~  
 18        ~~accordance with Subsection D of this Section. This penalty shall be in addition to~~  
 19        ~~any other remedies authorized by law, the contract for construction on or~~  
 20        ~~improvements to the immovable, or any other agreement between the contractor,~~  
 21        ~~subcontractor, or suppliers. balance due. In addition, the contractor or subcontractor~~  
 22        ~~shall be liable for reasonable attorney fees for the collection of the payments due the~~  
 23        ~~subcontractors and suppliers. However, any claim which the court finds to be~~  
 24        ~~without merit shall subject the claimant to all reasonable costs and attorney fees for~~  
 25        ~~the defense against such claim.~~

26                C. If a good faith dispute exists concerning the amount owed for a payment  
 27        requested or required by this Section under a contract for construction of or  
 28        improvements to an immovable, the owner, contractor, or subcontractor disputing  
 29        the obligation to pay shall pay the amount that is not in dispute within the applicable  
 30        timeframe pursuant to this Section. For purposes of this Section, a good faith dispute

1        may include a dispute regarding whether the work was performed in a proper manner  
2        under the contract.

3                D.(1) An unpaid amount as described in this Section shall incur a penalty at  
4        the rate of one and one-half percent of the unpaid amount per month. This penalty  
5        begins to accrue the day after the date on which the payment is due.

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

10               E. A waiver of a provision of this Section shall be absolutely null. However,  
11        a written contract between an owner and a contractor for improvements on or  
12        construction of a single-family residence may provide that the payment required in  
13        accordance with this Section be made at a time not later than sixty-one days after the  
14        date the owner receives the payment request. Any unpaid amount under contract that  
15        allows payment later than the date otherwise required by Subsection A of this  
16        Section incurs a penalty in accordance with Subsection D of this Section.

17               F. An obligor may bring an action to collect the payments and penalties  
18        owed in accordance with this Section. The court shall award court costs and  
19        reasonable attorney fees to the prevailing party. The rights and remedies provided  
20        by this Section are in addition to any other rights and remedies available under the  
21        law or contract.

22               ~~D: G.(1) The provisions of this Section shall not be applicable to~~  
23        ~~improvements to immovable property used for residential purposes. The provisions~~  
24        ~~of this Section do not supercede the prompt payment obligations and penalties for~~  
25        ~~contracts with a public entity as required in R.S. 38:2191.~~

26               (2) The date of payment required of the owner pursuant to this Section shall  
27        change from thirty-five days after the date the owner receives the payment request  
28        to the fifth day after the date the owner receives loan proceeds when all of the  
29        following occurs:

1           (a) The owner has obtained a loan intended to pay for all or part of a contract  
2           to improve immovable property.

3           (b) The owner has timely and properly requested disbursement of proceeds  
4           from that loan.

5           (c) The lender is obligated to disburse the proceeds to the owner but has  
6           failed to do so within thirty-five days after the date the owner received the  
7           contractor's payment request.

8           (3) This Section does not apply to any of the following:

9           (a) Agreements authorizing the exploration, production, or development of  
10           oil, natural gas, natural gas liquids, synthetic gas, sulphur, ore, or other mineral  
11           substances, including any lease or royalty agreement, joint interest agreement,  
12           production or production-related agreement, operating agreement, farmout  
13           agreement, area of mutual interest agreement, or other related agreement.

14           (b) Well or mine services.

15           (c) The purchase, sale, gathering, storage, or transport of oil, natural gas,  
16           natural gas liquids, synthetic gas, or other hydrocarbon substances by pipeline or by  
17           a fixed associated facility.

18           (d) For the purposes of this exemption, "agreement" includes a written or  
19           oral agreement or understanding that does any of the following:

20           (i) Provides work or services, including any construction, operating, repair,  
21           or maintenance services.

22           (ii) Performs a part of the services covered by Subparagraph (a) of this  
23           Paragraph or an act collateral to those services, including furnishing or renting  
24           equipment, incidental transportation, or other goods and services furnished in  
25           connection with those services.

26           (e) For the purposes of this exemption, "well or mine services" includes  
27           either of the following:

28           (i) Drilling, deepening, reworking, repairing, improving, testing, treating,  
29           perforating, acidizing, logging, conditioning, purchasing, gathering, storing, or  
30           transporting oil or natural gas, brine water, fresh water, produced water, condensate,

1        petroleum products, or other liquid commodities, or otherwise rendering services in  
 2        connection with a well drilled to produce or dispose of oil, gas, or other minerals or  
 3        water.

4                (ii) Designing, excavating, constructing, improving, or otherwise rendering  
 5        services in connection with an oil, gas, or other mineral production platform or  
 6        facility, mine shaft, drift, or other structure intended directly for use in exploring for  
 7        or producing a mineral.

#### 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 Engrossed

2026 Regular Session

Jacob Landry

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

Present law provides for payment by an owner to a contractor for improvements to an immovable and requires the 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 for 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 stop 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 except as it pertains to certain agreements between the owner and the contractor if the payment is made within 61 days after the owner receives the payment request. Further provides for requirements and penalties as provided by proposed law.

Proposed law authorizes an obligor to bring an action under proposed law, in addition to any other rights and remedies provided in present law, to collect amounts due. Further authorizes 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 repeals present law pertaining to the improvements made on immovable property used for residential purposes.

Proposed law provides that the provisions of proposed law do not apply to contracts with a public entity.

Proposed law provides for the date of payment required of the owner which would change from 35 days after the date the owner receives the payment request to the fifth day after the date the owner receives loan proceeds, when certain provisions of proposed law are met.

Proposed law provides for certain exemptions. Further provides that proposed law does not apply to the following:

- (1) Agreements authorizing the exploration, production, or development of oil, natural gas, natural gas liquids, synthetic gas, sulphur, ore, or other mineral substances, including any lease or royalty agreement, joint interest agreement, production or production-related agreement, operating agreement, farmout agreement, area of mutual interest agreement, or other related agreement.
- (2) Well or mine services.
- (3) The purchase, sale, gathering, storage, or transport of oil, natural gas, natural gas liquids, synthetic gas, or other hydrocarbon substances by pipeline or by a fixed associated facility.

Proposed law defines "agreement" and "well or mine services".

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Civil Law and Procedure to the original bill:

1. Make technical changes.
2. Provide that the penalties provided by proposed law are in addition to any other lawful remedies and other agreements.
3. Clarify that the penalty rate is 1.5% of the unpaid amount per month and provides that the penalty begins to accrue the day after the date on which the payment is due.
4. Add an exception to a provision of proposed law regarding nullification of agreements waiving rights provided by proposed law.
5. Provide that proposed law does not supercede the provisions for penalties regarding contracts with a public entity.
6. Remove the exception to application of proposed law for construction or improvements to immovable property used for residential purposes.
7. Provide for the date payment is due in certain circumstances.
8. Provide that proposed law does not apply to certain agreements.
9. Define the terms "agreement" and "well or mine services" as it pertains to the exemptions from the provisions of proposed law.