

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 235** SLS 26RS 496

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: April 20, 2026 | 9:19 AM | Author: WOMACK |
| Dept./Agy.: Statewide | | Analyst: Kimberly Fruge |
| Subject: Payments under contract | | |

PUBLIC CONTRACTS

OR SEE FISC NOTE GF EX

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Provides relative to payments under contract by public entities. (gov sig)

Current law provides that any public entity failing to make any progressive stage payment within 45 days following receipt of a certified request for payment, without reasonable cause, shall be liable for reasonable attorney fees and interest charged at 0.5% accumulated daily, not to exceed 15%. Propose law provides that a public entity shall not withhold liquidated damages contested by the contractor; provides that payment to the contractor shall not prejudice the ability of a public entity to assert a claim for liquidated damages against the contractor; provides that the prevailing party shall be entitled to recover reasonable attorney fees; provides that a public entity shall be entitled to interest on liquidated damages recovered charged at 0.5% accumulated daily, not to exceed 15%. Current law subjects a public entity to mandamus proceedings to compel the payment due under contract up to the amount of the appropriation made for the award and execution of the contracting, including authorized change orders. Proposed law adds attorney fees and interest. Proposed law also clarifies that the public entity's claim for liquidated damages is not subject to the mandamus proceedings.

| EXPENDITURES | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 5 -YEAR TOTAL |
|----------------|------------------|------------------|------------------|------------------|------------------|---------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |

Annual Total

| REVENUES | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 5 -YEAR TOTAL |
|----------------|------------------|------------------|------------------|------------------|------------------|---------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |

Annual Total

EXPENDITURE EXPLANATION

Proposed law may result in an increase in expenditures for public entities, assumed here to be SGF and Local Funds for simplicity, to the extent a public entity loses a claim for contested liquidated damages and is held responsible for reasonable attorney fees of the contractor. Proposed law provides that a public entity may assert a claim for contested liquidated damages and that the prevailing party shall be entitled to recover reasonable attorney fees. The exact fiscal impact is indeterminable, as it is unknown how often a public entity will not prevail in a claim for contested liquidated damages and will be required to pay reasonable attorney fees to the contractor.

REVENUE EXPLANATION

Proposed law may result in an increase in revenue for public entities, assumed here to be SGF and Local Funds for simplicity, to the extent a public entity prevails in a claim for contested liquidated damages and collects interest on the liquidated damages recovered, charged at 0.5% accumulated daily, not to exceed 15%, accruing from the date of payment by the public entity of contested liquidated damages. The exact fiscal impact is situational and dependent on the amount of contested liquidated damages awarded to the public entity.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer