RÉSUMÉ DIGEST

ACT 822 (HB 638) **2026 Regular Session** **Jacob Landry**

Existing law requires an owner to pay a contractor for improvements made by the contractor 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.

Existing 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.

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

Existing law provides for the rights of subcontractors and suppliers regarding a contractor's failure to make payment after 14 days from the contractor's receipt of payment from the owner. Permits the award of court costs and reasonable attorney fees.

Prior law provided a 0.5% daily penalty percentage on amounts due, not to exceed 15% of the total amount due.

New law increases the daily penalty percentage on amounts due from 0.5% to 1.5%.

New 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 plus 1.5% of the amount due per day beginning on the day after payment becomes due.

New 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.

New law provides that if a contractor or subcontractor, absent a good faith dispute, does not promptly pay a subcontractor or supplier within seven days of receiving payment from the owner or contractor, the subcontractor or supplier is entitled to the amount due plus 1.5% of the amount due per day beginning on the day after payment becomes due.

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

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

New law provides that the waiver of any provision of new 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. New law further provides other requirements and penalties.

New law authorizes a contractor, subcontractor, or supplier to bring an action under new law, in addition to any other rights and remedies provided in existing law, to collect amounts due. Authorizes the award of court costs and attorney fees. Further provides that nothing in new law creates a right of action of the contractor, subcontractor, or supplier against a lender or insurer.

Prior law did not apply to improvements made on immovable property used for residential purposes.

New law repeals prior law pertaining to the improvements made on immovable property used for residential purposes.

New law does not apply to contracts with a public entity.

New law provides for the date of payment required of the owner to be the later of 35 days after the date the owner receives the payment request or the fifth day after the date the owner receives loan proceeds for the payment that is due, when certain provisions of new law are met.

New law provides for certain exemptions. Further provides that new law does not apply to the following:

(1) Agreements authorizing the exploration, production, manufacturing, or development of oil, natural gas, natural gas liquids, synthetic gas, sulphur, ore, chemicals, 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.

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

Effective August 1, 2026.

(Amends R.S. 9:2784)