

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 490** HLS 26RS 1162

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 23, 2026 11:53 AM	Author: KERNER
Dept./Agy.: Statewide	Analyst: Kimberly Fruge
Subject: Exemptions from payment under contract requirements	

PUBLIC CONTRACTS OR SEE FISC NOTE GF EX Page 1 of 1
Provides limited exemptions from payment under contract requirements for public entities in certain circumstances

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%. Proposed law provides an exception to the current law for public entities that receive all or a portion of the funding for the public works contract from another public entity or the United States government; provides that interest shall not begin to run unless and until the public entities receives funds from the paying public entity; provides that the contracting entity shall pay within five days of receipt of the funds from the paying public entity and failure to pay within the five days will subject the contracting public entity with attorney fees and interest pursuant to current law. Proposed law provides for exceptions to time-limits provided for in current law during a gubernatorially or presidentially declared emergency. Proposed law authorizes the time limit requirements provided for in current law be extended by written agreement of the public entity and the contractor.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	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					
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable decrease in state expenditures, potentially across all means of finance (reported in this fiscal note as SGF for simplicity), and an indeterminable decrease in Local Fund expenditures for political subdivisions, to the extent that the exemptions for payment under contract decreases the amount of attorney fees or interest owed due to late payment. Proposed law provides three exemptions to the statutory 45 day deadline to make progressive stage payments: (1) the public entity is receiving all or a portion of funding for the contract from a different public entity or the United States government, and has not receive the funding from the paying entity; (2) there is a gubernatorially or presidentially declared emergency; and (3) there is a written agreement between the contractor and the public entity to extend the time limits. The exact fiscal impact is indeterminable, as it is unknown how often these exemptions will apply to public entities who fail to make progressive payments within 45 days of receipt of a certified request for payment.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
Deputy Fiscal Officer