

First Extraordinary Session, 2005

HOUSE BILL NO. 105

BY REPRESENTATIVE HEBERT

PUBLIC CONTRACTS: Provides relative to limits on public contracts awarded for work resulting from a gubernatorially declared disaster or emergency

1 AN ACT

2 To enact R.S. 38:2212.7, relative to limitations on contracts for public work that are  
3 advertised and let by the division of administration and other public entities in  
4 response to a gubernatorially declared disaster or emergency; to limit the portion of  
5 a public contract amount that may be retained by the contractor if he subcontracts for  
6 disaster recovery work; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 38:2212.7 is hereby enacted to read as follows:

9 §2212.7. Disaster recovery contracts

10 A. The provisions of this Section apply to any contract for public work that  
11 meets the following criteria:

12 (1) The contract is let by the division of administration or some other public  
13 entity in accordance with this Chapter.

14 (2) The contract is for disaster recovery work resulting from a gubernatorially  
15 declared disaster or emergency.

16 (3) Funding for such disaster recovery work is provided to the state or  
17 political subdivision by the federal government or an agency thereof.

18 B. If a contractor subcontracts for work done pursuant to a contract meeting  
19 the requirements specified in Subsection A of this Section, the original contractor  
20 shall retain no more than fifteen percent of the contract amount for the subcontracted

1 work and shall pay at least eighty-five percent of the contract amount for that work  
2 to the subcontractor.

3 C. Any entity letting a contract subject to the provisions of this Section shall  
4 include a provision in the contract requiring the contractor to comply with this  
5 Section if he contracts with another entity for some or all of the work. Any such  
6 contract shall specify, either in the original contract or in an amendment thereto, a  
7 value for any portion of the work for which subcontracting is authorized in order that  
8 the limitations provided for in Subsection B can be calculated and enforced with  
9 respect to that portion.

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Hebert

HB No. 105

**Abstract:** Limits (15%) the amount of a public contract for disaster recovery work that a contractor may retain if he subcontracts for the work and if the funding for the contract is paid by an agency of the federal government.

Proposed law prohibits a contractor from retaining more than 15% of the contract price for disaster recovery work if he subcontracts for the work; requires that at least 85% of the contract price of subcontracted work be paid to the subcontractor. Proposed law applies to any contract let by a public entity for which:

- (1) The contract is subject to present law relative to advertising and letting contracts for work.
- (2) The contract is for disaster recovery work resulting from a gubernatorially declared disaster or emergency.
- (3) Funding for the work is provided to the state or political subdivision by the federal government or an agency thereof.

Proposed law requires that contracts subject to proposed law include a provision in the contract requiring the contractor to comply with proposed law if he contracts with another entity for some are all of the work. Requires that the contract specify a value for any portion of the work for which subcontracting is authorized in order that the limitations can be calculated and enforced.

(Adds R.S. 38:2212.7)