## SLS 18RS-452

## REENGROSSED

2018 Regular Session

SENATE BILL NO. 94

BY SENATOR APPEL

PUBLIC CONTRACTS. Provides that public entities are liable for interest due for failure to pay progressive stage or final payments on public contracts under certain conditions. (8/1/18)

1	AN ACT
2	To amend and reenact R.S. 38:2191(B), relative to public contracts; to provide for payment
3	of interest on amounts due for failure to pay progressive stage or final payments
4	under certain circumstances; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 38:2191(B) is hereby amended and reenacted to read as follows:
7	§2191. Payments under contract
8	* * *
9	B.(1) Any public entity failing to make any progressive stage payment within
10	forty-five days following receipt of a certified request for payment by the public
11	entity without reasonable cause shall be liable for reasonable attorney fees and
12	interest charged at one-half percent accumulated daily, not to exceed fifteen
13	percent. Any public entity failing to make any final payments after formal final
14	acceptance and within forty-five days following receipt of a clear lien certificate by
15	the public entity shall be liable for reasonable attorney fees and interest charged at
16	one-half percent accumulated daily, not to exceed fifteen percent.
17	(2) Any interest received by the contractor pursuant to Paragraph (1) of

Page 1 of 2 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

1	this Subsection, shall be disbursed on a prorated basis among the contractor
2	and subcontractors, each receiving a prorated portion based on the principle
3	amount due within ten business days of receipt of the interest.
4	* * *

The original instrument was prepared by Thomas L. Tyler. The following digest, which does not constitute a part of the legislative instrument, was prepared by Ann S. Brown.

## DIGEST SB 94 Reengrossed 2018 Regular Session Appel

<u>Present law</u> requires public entities to promptly pay all obligations arising under a public contract when the obligations are due and payable under the contract. Requires that if the public entity fails to make any progressive stage payment, without reasonable cause, within 45 days after receipt of a certified request for payment, the entity is liable for reasonable attorney fees.

<u>Proposed law</u> adds provision that the public entity is also liable for interest charged at 0.5% accumulated daily, not to exceed 15%.

<u>Present law</u> requires that if the public entity fails to make final payment after formal final acceptance and within 45 days after receipt of a clear lien certificate, the entity is liable for reasonable attorney fees. <u>Proposed law</u> adds provision that the entity is also liable for interest charged at 0.5% accumulated daily, not to exceed 15%.

<u>Proposed law</u> provides that any interest paid by public entities on public contracts shall be disbursed on a prorated basis among the contractors and subcontractors within ten business days of receipt of the interest payment.

Effective August 1, 2018.

(Amends R.S. 38:2191(B))

## Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original <u>bill</u>

1. Changes the rate of interest charged  $\underline{\text{from}} 1.5\% \underline{\text{to}} 0.5\%$ .

Senate Floor Amendments to engrossed bill

1. Adds a provision requiring that any interest paid by public entities shall be disbursed on a prorated basis among the contractors and subcontractors within 10 business days of receipt of the interest payment.