

2026 Regular Session

HOUSE BILL NO. 638

BY REPRESENTATIVE JACOB LANDRY

1 AN ACT

2 To amend and reenact R.S. 9:2784, relative to the prompt payment to contractors and  
3 subcontractors; to establish procedure; to provide time delays; to provide penalties;  
4 to provide relative to accrued interest; to provide for contract nullity; to provide for  
5 a cause of action; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 9:2784 is hereby amended and reenacted to read as follows:

8 §2784. ~~Late payment by contractors to subcontractors and suppliers; penalties~~

9 Prompt payment by owners to contractors; prompt payment to subcontractors

10 and suppliers; penalties; action to collect payment; attorney fees and costs

11 A.(1) If an owner or person authorized to act on behalf of the owner receives

12 a written payment request from a contractor for an amount payable under a contract

13 for construction of improvements made to an immovable for properly performed

14 work or suitably stored or specially fabricated materials under the contract, the

15 owner shall pay the amount owed to the contractor, unless any amount is withheld

16 as authorized by law, the contract, or this Section, no later than thirty-five days

17 following receipt of the written request.

1           (2) If the owner or person authorized to act on behalf of the owner fails to  
 2           make payment to the contractor within thirty-five days of the receipt of the written  
 3           payment request from a contractor for improvements to an immovable, in the  
 4           absence of a good faith dispute, the owner shall pay to the contractor a penalty in  
 5           accordance with Subsection D of this Section. This penalty shall be in addition to  
 6           any other remedies authorized by law or the contract for construction on or  
 7           improvements to the immovable.

8           B.(1) ~~When a~~ A contractor who receives any payment from the owner for  
 9           improvements to an immovable after the issuance of a certificate of payment by the  
 10          architect or engineer, or when a contractor receives any payment from the owner for  
 11          improvements to an immovable when no architect or engineer is on the job, or  
 12          person authorized to act on behalf of the owner for the construction of or for  
 13          improvements made to an immovable ~~the contractor shall promptly pay such monies~~  
 14          ~~received~~ shall promptly pay each subcontractor and supplier the portion of payment  
 15          that is attributable to work properly performed or materials suitably stored or  
 16          specially fabricated as provided by the contract by the subcontractor or supplier,  
 17          including any interest accrued, to the extent of the subcontractor or supplier's interest  
 18          in the payment. ~~to each subcontractor and supplier in proportion to the percentage~~  
 19          ~~of work completed prior to the issuance of the certificate of payment by such~~  
 20          ~~subcontractor and supplier, or by the owner if no architect or engineer is on the job.~~  
 21          ~~Further, whenever a subcontractor receives payment from the contractor, the~~  
 22          ~~subcontractor shall promptly pay such monies received to each sub-subcontractor~~  
 23          ~~and supplier in proportion to the work completed. The payment required by this~~  
 24          Subsection shall be made no later than the seventh day after the date the contractor  
 25          receives payment from the owner or person authorized to act on behalf of the owner.

26          (2) A subcontractor who receives a payment from the contractor pursuant to  
 27          this Section or from a contractor in connection with a contract to improve an  
 28          immovable shall promptly pay each subcontractor and supplier the portion of the  
 29          payment that is attributable to work properly performed or materials suitably stored  
 30          or specially fabricated as provided under the contract by the subcontractor or

1 supplier, including any interest, to the extent of the subcontractor's or supplier's  
 2 interest in the payment. The payment required by this Subsection shall be made no  
 3 later than the seventh day after the date the subcontractor receives payment from the  
 4 contractor.

5 ~~B. If for any reason the contractor receives less than the full payment from~~  
 6 ~~the owner, then the contractor shall be obligated to disperse only the funds received~~  
 7 ~~on a prorated basis with the contractor, subcontractors, and suppliers each receiving~~  
 8 ~~a prorated portion based on the amount due on the payment.~~

9 ~~€. (3) If the contractor or subcontractor without reasonable cause fails to~~  
 10 ~~make any payment that is due to his subcontractors and suppliers within fourteen~~  
 11 ~~seven consecutive days of the receipt of payment from the owner or contractor for~~  
 12 ~~improvements to an immovable in the absence of a good faith dispute, the contractor~~  
 13 ~~or subcontractor shall pay to the subcontractors and suppliers, in addition to the~~  
 14 ~~payment, a penalty in the amount of one-half of one percent of the amount due, per~~  
 15 ~~day, from the expiration of the period allowed herein for payment after the receipt~~  
 16 ~~of payment from the owner. The total penalty shall not exceed fifteen percent of the~~  
 17 ~~outstanding in accordance with Subsection D of this Section. This penalty shall be~~  
 18 ~~in addition to any other remedies authorized by law, the contract for construction on~~  
 19 ~~or improvements to the immovable, or any other agreement between the contractor,~~  
 20 ~~subcontractor, or suppliers. balance due. In addition, the contractor or subcontractor~~  
 21 ~~shall be liable for reasonable attorney fees for the collection of the payments due the~~  
 22 ~~subcontractors and suppliers. However, any claim which the court finds to be~~  
 23 ~~without merit shall subject the claimant to all reasonable costs and attorney fees for~~  
 24 ~~the defense against such claim.~~

25 C. If a good faith dispute exists concerning the amount owed for a payment  
 26 requested or required by this Section under a contract for construction of or  
 27 improvements to an immovable, the owner, contractor, or subcontractor disputing  
 28 the obligation to pay shall pay the amount that is not in dispute by the applicable date  
 29 required by this Section. For purposes of this Section, a good faith dispute may

1 include a dispute regarding whether the work was performed in a proper manner  
2 under the contract.

3 D.(1) An unpaid amount as described in this Section shall incur a penalty at  
4 the rate of one and one-half percent of the unpaid amount per month. This penalty  
5 begins to accrue the day after the date on which the payment is due.

6 (2) The penalty on any unpaid amounts pursuant to this Section stops  
7 accruing on the earlier of the date of delivery of payment, the date the payment is  
8 mailed if delivered within three days, or the date a judgment is rendered on an action  
9 brought pursuant to this Section.

10 E. A waiver of a provision of this Section shall be absolutely null. However,  
11 a written contract between an owner and a contractor for improvements on or  
12 construction of a single-family residence may provide that the payment required in  
13 accordance with this Section be made at a time not later than sixty-one days after the  
14 date the owner receives the payment request. Any unpaid amount under contract that  
15 allows payment later than the date otherwise required by Subsection A of this  
16 Section incurs a penalty in accordance with Subsection D of this Section.

17 F. A contractor, subcontractor, or supplier may bring an action to collect the  
18 payments and penalties owed in accordance with this Section. The court shall award  
19 court costs and reasonable attorney fees to the prevailing party. The rights and  
20 remedies provided by this Section are in addition to any other rights and remedies  
21 available under the law or contract. Nothing in this Section shall be construed to  
22 create a right of action of the contractor, subcontractor, or supplier against a lender  
23 or insurer.

24 ~~D. G.(1) The provisions of this Section shall not be applicable to~~  
25 ~~improvements to immovable property used for residential purposes. The provisions~~  
26 ~~of this Section do not supercede the prompt payment obligations and penalties for~~  
27 ~~contracts with a public entity as required in R.S. 38:2191.~~

28 (2) The date of payment required of the owner pursuant to this Section shall  
29 be the later of thirty-five days after the date the owner receives the payment request

1 or the fifth day after the date the owner receives loan proceeds for the payment that  
2 is due when all of the following occurs:

3 (a) The owner has, prior to the contractor's payment request, obtained a loan  
4 intended to pay for all or part of a contract to improve immovable property.

5 (b) The owner has timely and properly requested disbursement of proceeds  
6 from that loan.

7 (3) This Section does not apply to any of the following:

8 (a) Agreements authorizing the exploration, production, manufacturing, or  
9 development of oil, natural gas, natural gas liquids, synthetic gas, sulphur, ore,  
10 chemicals, or other mineral substances, including any lease or royalty agreement,  
11 joint interest agreement, production or production-related agreement, operating  
12 agreement, farmout agreement, area of mutual interest agreement, or other related  
13 agreement.

14 (b) Well or mine services.

15 (c) The purchase, sale, gathering, storage, or transport of oil, natural gas,  
16 natural gas liquids, synthetic gas, or other hydrocarbon substances by pipeline or by  
17 a fixed associated facility.

18 (d) For the purposes of this exemption, "agreement" includes a written or  
19 oral agreement or understanding that does any of the following:

20 (i) Provides work or services, including any construction, operating, repair,  
21 or maintenance services.

22 (ii) Performs a part of the services covered by Subparagraph (a) of this  
23 Paragraph or an act collateral to those services, including furnishing or renting  
24 equipment, incidental transportation, or other goods and services furnished in  
25 connection with those services.

26 (e) For the purposes of this exemption, "well or mine services" includes  
27 either of the following:

28 (i) Drilling, deepening, reworking, repairing, improving, testing, treating,  
29 perforating, acidizing, logging, conditioning, purchasing, gathering, storing, or  
30 transporting oil or natural gas, brine water, fresh water, produced water, condensate,

1           petroleum products, or other liquid commodities, or otherwise rendering services in  
 2           connection with a well drilled to produce or dispose of oil, gas, or other minerals or  
 3           water.

4                   (ii) Designing, excavating, constructing, improving, or otherwise rendering  
 5           services in connection with an oil, gas, or other mineral production platform or  
 6           facility, mine shaft, drift, or other structure intended directly for use in exploring for  
 7           or producing a mineral.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_