
DIGEST

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HB 334 Reengrossed

2016 Regular Session

Schexnayder

Abstract: Provides relative to the enforcement of certain public and private contracts.

Present law (R.S. 9:2784(A)) provides that when a contractor or subcontractor receives any payment from the owner for improvements to an immovable, the contractor or subcontractor shall promptly pay such monies received to each subcontractor, sub-subcontractor, or supplier in proportion to the percentage of work completed.

Proposed law specifies that enforcement of the terms of a contract between a claimant and a contractor or a subcontractor shall not be the cause for reduction of damages pursuant to C.C. Art. 2003 absent a determination by the court of bad faith.

Present law (R.S. 38:2241(A)(2)) provides that for contracts in excess of \$25,000, the contractor is required to post a bond with good, solvent, and sufficient surety in a sum of not less than 50 percent of the contract price for the payment by the contractor or subcontractor due and owing pursuant to a valid contract to claimants as defined in R.S. 38:2242.

Proposed law specifies that the present law bond requirement is to secure payment for when the payment is due and owing pursuant to a contract between the claimant and the owner, contractor, or subcontractor.

(Amends R.S. 9:2784(A) and R.S. 38:2241(A)(2))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Removes all proposed changes to R.S. 9:3902.
2. Removes the term "valid" in all references to a contract.
3. Specifies that the application of fraud relative to a reduction of damages applies to contracts between a claimant and a contractor or subcontractor.
4. Specifies that the bond to secure payment is for when the payment is due and owing pursuant to a contract between the claimant and the owner, contractor, or subcontractor.