
DIGEST

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HB 1128 Original

2016 Regular Session

Talbot

Abstract: Provides relative to obligations due under contracts to governmental entities.

Proposed law requires a vendor who receives a payment from a governmental entity to pay a subcontractor the appropriate share of the payment not later than the tenth day after the date the vendor receives the payment. Specifies that the appropriate share is overdue on the 11th day after the date the vendor receives the payment.

Proposed law requires a subcontractor who receives a payment from a vendor to pay a person who supplies goods or a service for which the payment is made the appropriate share of the payment not later than the tenth day after the date the subcontractor receives the payment. Specifies that the appropriate share is overdue on the 11th day after the date the subcontractor receives the payment.

Proposed law requires a governmental entity to notify a vendor of an error in an invoice submitted for payment by the vendor not later than the 21st day after the date the entity receives the invoice.

Proposed law provides that payments due on amounts which are not disputed begin to accrue monthly interest on the date the payment becomes overdue. Specifies that the rate of interest that accrues on an overdue payment is the rate of judicial interest in effect on July first of the fiscal year in which the payment becomes overdue. Requires the governmental entity to submit the interest payment when it submits the net amount due. Specifies that interest on an overdue payment will stop accruing on the date the governmental entity or its vendor mails or electronically transmits payment.

Proposed law authorizes a vendor to suspend performance required under a contract with a governmental entity if:

- (1) The governmental entity does not pay the vendor an undisputed amount within the time limits; and
- (2) The vendor gives the governmental entity written notice either informing the governmental entity that payment has not been received or stating the intent of the vendor to suspend performance for nonpayment.

Proposed law prohibits a vendor or subcontractor from suspending performance with the La. Dept. of Transportation and Development on any highway, hurricane, road, or emergency-declared project.

Proposed law defines "governmental entity" as a state agency, parish, or local municipality,

incorporated or unincorporated, or any recipient of federal or state funds that utilizes such funds to pay a vendor or subcontractor.

(Adds Chapter 27 of Title 39 of the La. Revised Statues of 1950, to be comprised R.S. 39:2211)