

Regular Session, 2010

HOUSE BILL NO. 864

BY REPRESENTATIVE BARROW

CONTRACTS: Provides interest penalties if an agency fails to pay contracts in a timely manner

1 AN ACT

2 To enact R.S. 39:1498.3 and 1593.2, relative to procurement; to provide for interest
3 penalties for agencies which make late payments on contracts; to provide for interest
4 payments to contractors; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 39:1498.3 and 1593.2 are hereby enacted to read as follows:

7 §1498.3. Interest penalties for late payments

8 In the event any agency which has entered into a valid contract with a person
9 or business fails to submit a payment according to the schedule of payments
10 established in the terms of the contract, the agency shall pay, in addition to the
11 regular payment due, interest penalties to the person or business as follows:

12 (1) If the agency submits payment to the person or business not less than
13 sixty days and not more than eighty-nine days after the date the payment is due, the
14 agency shall pay interest to the person or business in an amount equal to twenty
15 percent of the amount of payment due.

16 (2) If the agency submits payment to the person or business not less than
17 ninety days and not more than one hundred and nineteen days after the date the
18 payment is due, the agency shall pay interest to the person or business in an amount
19 equal to thirty percent of the amount of payment due.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Barrow

HB No. 864

Abstract: Provides for the payment of certain interest penalties by agencies making late payments to persons or businesses with whom they hold a contract.

Proposed law provides that if an agency is late in making a payment on the terms of a contract, the agency shall pay, in addition to the regular payment due, an interest penalty which is a percent of the total payment due according to the number of days the payment is late.

- (1) For late payments 60 - 89 days past due, the agency shall pay an interest penalty of 20% of the total payment.
- (2) For late payments 90 - 119 days past due, the agency shall pay an interest penalty of 30% of the total payment.
- (3) For late payments more than 120 days past due, the agency shall pay an interest penalty of 40% of the total payment.

Proposed law provides that the interest payment shall be paid in the same form and manner as the payment due under the terms of the contract.

(Adds R.S. 39:1498.3 and 1593.2)