HLS 10RS-1128 ORIGINAL

Regular Session, 2010

HOUSE BILL NO. 864

1

BY REPRESENTATIVE BARROW

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

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.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(3) If the agency submits payment to the person or business one hundred and
2	twenty days or more after the date the payment is due, the agency shall pay interest
3	to the person or business in an amount equal to forty percent of the amount of
4	payment due.
5	(4) Any interest due pursuant to this Section shall be paid in the same form
6	and manner as the regular payment due under the terms of the contract.
7	* * *
8	§1593.2. Interest penalties for late payments
9	In the event any agency which has entered into a valid contract with a person
10	or business fails to submit a payment according to the schedule of payments
11	established in the terms of the contract, the agency shall pay, in addition to the
12	regular payment due, interest penalties to the person or business as follows:
13	(1) If the agency submits payment to the person or business not less than
14	sixty days and not more than eighty-nine days after the date the payment is due, the
15	agency shall pay interest to the person or business in an amount equal to twenty
16	percent of the amount of payment due.
17	(2) If the agency submits payment to the person or business not less than
18	ninety days and not more than one hundred and nineteen days after the date the
19	payment is due, the agency shall pay interest to the person or business in an amount
20	equal to thirty percent of the amount of payment due.
21	(3) If the agency submits payment to the person or business one hundred and
22	twenty or days or more after the date the payment is due, the agency shall pay
23	interest to the person or business in an amount equal to forty percent of the amount
24	of payment due.
25	(4) Any interest due pursuant to this Section shall be paid in the same form
26	and manner as the regular payment due under the terms of the contract.

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.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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)