

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 19-141—sHB 6666

Government Administration and Elections Committee

AN ACT REQUIRING THE PROMPT PAYMENT OF CONTRACTORS

SUMMARY: This act requires that commercial construction contracts (see BACKGROUND) contain provisions requiring general contractors to pay any subcontractor or supplier for labor and materials within 25 days after receiving payment from the owner, instead of within 30 days as under prior law. It makes a similar change concerning payments by subcontractors and suppliers to their subcontractors and suppliers (i.e., sub-subcontractors and sub-suppliers). Under the act, general contractors must include in each subcontract a requirement that subcontractors and suppliers pay sub-subcontractors and sub-suppliers within 25 days after receiving payment from the contractor, instead of within 30 days as under prior law. By law, unchanged by the act, owners must pay amounts due for labor and materials within 30 days after receiving a written request for payment.

The act also reduces the timeframe in which state agencies, quasi-public agencies, and municipalities must pay a small contractor under the Small and Minority-Owned Business Set-Aside program from 30 days to 25 days from the date payment is due.

EFFECTIVE DATE: October 1, 2019

BACKGROUND

Commercial Construction Contracts

By law, a construction contract is a contract or subcontract for construction, renovation, or rehabilitation between (1) an owner and contractor, (2) a contractor and subcontractor, or (3) subcontractors. But it is not a contract (1) for public works or other building entered into by any local, state, or federal governments; (2) funded or insured by the U.S. Department of Housing and Urban Development; (3) between an owner and contractor for less than \$25,000, or a subcontract made under such a contract; or (4) for a building intended for residential occupancy with four or fewer units (CGS § 42-158i).