

HB 2332 -- Construction Contracts

Sponsor: Parson

This bill makes unenforceable any provision, agreement, covenant, or clause in a construction contract that requires a party to continue work or to continue to supply materials, labor, or services when the other party fails to make payments in consideration for work performed or materials supplied. Any provision of a contract stating that a party cannot suspend performance of contractual obligations when another party does not make prompt payments is also unenforceable and void against public policy. Parties cannot contract to permit, allow, or authorize a party to withhold or redirect payments otherwise due another party to the contract or to take possession of equipment, materials, appliances, property, or tools of another construction contract. For purposes of the bill, a construction contract means a contract for private construction between:

- (1) Any owner and any contractor or supplier;
- (2) Any contractor and any subcontractor or supplier;
- (3) Any subcontractor and any sub-subcontractor or supplier; or
- (4) Any sub-subcontractor and sub-sub-subcontractor or supplier.

The provisions of the bill apply to construction contracts or agreements entered into after August 28, 2008.