



General Assembly

January Session, 2025

Committee Bill No. 5685

LCO No. 5155



Referred to Committee on GENERAL LAW

Introduced by:
(GL)

**AN ACT PROHIBITING PAY-IF-PAID CLAUSES IN CONSTRUCTION
CONTRACTS AND ENSURING TIMELY PAYMENT OF
CONSTRUCTION SUBCONTRACTORS AND SUPPLIERS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 42-158j of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) Each construction contract shall contain the following provisions:
4 (1) A requirement that the owner pay [any] all amounts due to any
5 contractor in a direct contractual relationship with the owner, or due to
6 any subcontractor or supplier in a direct contractual relationship with
7 the contractor, whether for labor performed or materials furnished, not
8 later than thirty days after the date any written request for such
9 payment has been made to the owner by such contractor, subcontractor
10 or supplier; (2) a requirement that the contractor pay [any] all amounts
11 due any subcontractor or supplier, whether for labor performed or
12 materials furnished, not later than [twenty-five] seven days after the
13 date the contractor receives payment from the owner which
14 encompasses labor performed or materials furnished by such
15 subcontractor or supplier or sixty days after the date the subcontractor

16 or supplier performed such labor or furnished such materials,
17 whichever occurs first; and (3) a requirement that the contractor shall
18 include in each of its subcontracts a provision requiring each
19 subcontractor and supplier to pay [any] all amounts due any of its
20 subcontractors or suppliers, whether for labor performed or materials
21 furnished, not later than twenty-five days after the date such
22 [subcontractor or supplier receives a payment from the contractor which
23 encompasses] labor was performed or materials were furnished by such
24 subcontractor or supplier.

25 (b) Each payment requisition submitted by a contractor or
26 subcontractor in accordance with the requirements of subsection (a) of
27 this section shall include a statement showing the status of all pending
28 construction change orders, other pending change directives and
29 approved changes to the original contract or subcontract. Such
30 statement shall identify the pending construction change orders and
31 other pending change directives, and shall include the date such change
32 orders and directives were initiated, the costs associated with their
33 performance and a description of any work completed. As used in this
34 section, "pending construction change order" or "other pending change
35 directive" means an authorized directive for extra work that has been
36 issued to a contractor or a subcontractor.

37 (c) (1) If payment is not made by an owner in accordance with the
38 requirements of subdivision (1) of subsection (a) of this section or any
39 applicable construction contract, such contractor, subcontractor or
40 supplier shall set forth its claim against the owner through notice by
41 registered or certified mail. All amounts due from the owner pursuant
42 to this subsection and subdivision (1) of subsection (a) of this section
43 shall be limited to the amount owed to the contractor by the owner for
44 work performed under the contract at the date such notice is provided.

45 (2) If payment is not made by a contractor in accordance with the
46 requirements of subdivision (2) of subsection (a) of this section or any
47 applicable construction contract, the subcontractor or supplier shall set

48 forth its claim against the contractor through notice by registered or
49 certified mail.

50 (3) If payment is not made by a subcontractor or supplier in
51 accordance with the provisions of subdivision (3) of subsection (a) of
52 this section, the subcontractor or supplier to whom money is owed shall
53 set forth its claim against the subcontractor or supplier who has failed
54 to comply with the provisions of said subdivision (3) through notice by
55 registered or certified mail.

56 (4) Ten days after the receipt of any notice specified in subdivisions
57 (1), (2) and (3) of this subsection, the owner, contractor, subcontractor or
58 supplier, as the case may be, shall be liable for interest on the amount
59 due and owing at the rate of one per cent per month. Such interest shall
60 accrue beginning on the date any such notice is received. In addition,
61 such owner, contractor, subcontractor or supplier, upon written
62 demand from the party providing such notice, shall be required to place
63 funds in the amount of the claim, plus such interest of one per cent per
64 month, in an interest-bearing escrow account in a bank in this state,
65 provided such owner, contractor, subcontractor or supplier may refuse
66 to place the funds in escrow on the grounds that the party making such
67 demand has not substantially performed the work or supplied the
68 materials according to the terms of the construction contract or that the
69 funds so demanded are not due under the owner's contract with the
70 contractor. In the event that such owner, contractor, subcontractor or
71 supplier refuses to place such funds in escrow and such owner,
72 contractor, subcontractor or supplier is found to have unreasonably
73 withheld payment due a party providing such notice, such owner,
74 contractor, subcontractor or supplier shall be liable to the party making
75 demand for payment of such funds and for reasonable attorneys' fees
76 plus interest on the amount due and owing at the rate of one per cent
77 per month. In addition, any owner, contractor, subcontractor or supplier
78 who is found to have withheld payments to a party providing such
79 notice in bad faith shall be liable for ten per cent damages.

80 (d) No payment may be withheld from a subcontractor or supplier
81 for work performed or materials furnished because of a dispute between
82 a contractor and another contractor, subcontractor or supplier.

83 (e) This section shall not be construed to prohibit progress payments
84 prior to final payment of the contract and is applicable to all
85 subcontractors and suppliers for material or labor whether they have
86 contracted directly with the contractor or with some other subcontractor
87 on the work. Each owner that enters into a contract under this section
88 and fails or neglects to make payment to a contractor for labor and
89 materials supplied under a contract, as required pursuant to this section,
90 shall, upon demand of any person who has not been paid by the
91 contractor for such labor and materials supplied in the performance of
92 the work under the contract, promptly pay the person for such labor or
93 materials. Demand for payment shall be served on the owner and a copy
94 of each demand shall be sent to the contractor by certified mail, return
95 receipt requested to any address at which the owner and contractor
96 conduct business. If the owner fails to make such payment, the person
97 shall have a direct right of action against the owner in the superior court
98 for the judicial district in which the project is located. The owner's
99 obligations for direct payments to the contractor, subcontractors or
100 suppliers giving notice pursuant to this section shall be limited to the
101 amount owed to the contractor by the owner for work performed under
102 the contract at the date such notice is provided.

103 (f) Any provision in a construction contract that violates the
104 provisions of this section or purports to waive or release any right of a
105 contractor, subcontractor or supplier under this section shall be void
106 and of no effect.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2025	42-158j
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Statement of Purpose:

To prohibit pay-if-paid clauses in construction contracts and ensure timely payment of construction subcontractors and suppliers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. VAIL, 52nd Dist.

H.B. 5685