

THE FLORIDA SENATE
2021 SUMMARY OF LEGISLATION PASSED
Committee on Community Affairs

CS/SB 378 — Payment for Construction Services

by Governmental Oversight and Accountability Committee and Senator Bradley (CS/CS/HB 585 by Commerce Committee; Regulatory Reform Subcommittee; and Rep. DiCeglie)

CS/SB 378 enhances the statutory penalties imposed on public and private parties that fail to make required payments for certain construction labor, services, and material.

The bill increases by one percent per month, the remedial interest rate applied to payments wrongfully withheld for construction services for public and private construction projects. For public sector construction projects, the bill increases the interest rate from one percent to two percent per month. Public entities that wrongfully withhold payment to contractors and, likewise, contractors who wrongfully withhold payment to subcontractors and sub-subcontractors on public projects will be liable for interest at a rate of two percent per month on the unpaid amounts.

For private-sector construction projects, current law specifies that late payments bear interest at the rate specified in s. 55.03, F.S., which provides the general rate of interest on judgments. The bill increases the late payment interest for the private sector to the rate specified in s. 55.03, F.S., plus twelve percent per annum (i.e., one percent per month).

Furthermore, the bill clarifies that parties who contract with a public or private entity for construction services and knowingly and intentionally fail to pay the undisputed contract obligations for construction labor, services, or materials, commit misapplication of construction funds, as provided in s. 713.345, F.S. Under the bill, the Construction Industry Licensing Board must take disciplinary action against a construction industry licensee found guilty of committing misapplication of construction funds and suspend the licensee's license for a minimum of one year.

The bill applies to contracts executed on or after July 1, 2021.

If approved by the Governor, these provisions take effect July 1, 2021.

Vote: Senate 40-0; House 114-0