STATE OF NEW YORK

11223

IN ASSEMBLY

May 1, 2026

Introduced by M. of A. HUNTER -- read once and referred to the Committee on Governmental Operations

AN ACT to amend the general business law, in relation to increasing the interest rate for late payments due on construction contracts; and to repeal section 756-e of the general business law, relating to exceptions for construction contracts in lower Manhattan

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 1 of section 756 of the general business law, as amended by chapter 417 of the laws of 2009, is amended and a new subdivision 7 is added to read as follows:

1. "Construction contract" means a written or oral agreement*, including a change order to a written or oral agreement,* for the construction, reconstruction, alteration, maintenance, moving or demolition of any building, structure or improvement, or relating to the excavation of or other development or improvement to land, and where the aggregate cost of the construction project including all labor, services, materials and equipment to be furnished, equals or exceeds one hundred fifty thousand dollars. For the purposes of this article a construction contract shall not include any such contract made and awarded by the state, any public department, any public benefit corporation, any public corporation or official thereof, or a municipal corporation or official thereof for construction, reconstruction, alteration, repair, maintenance, moving or demolition of any public works project nor any contract with a contractor or subcontractor which is part of such project; or any such contract the purpose of which is the construction, reconstruction, alteration, repair, maintenance, moving or demolition of an individual one, two or three family residential dwelling or a residential tract development of one hundred or less one or two family dwellings, or any residential construction project where the aggregate size of such project is four thousand five hundred square feet or less, or any residential project of fewer than seventy-five units which receives financial assistance from the federal government, the state or a municipal entity designed for

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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households earning an average of one hundred twenty-five percent of the housing and urban development agency area median income.

7. "Change order" means an amendment or alteration to an existing construction contract that modifies the original contract terms with respect to the scope of work, project timeline or contract amount agreed to by the parties thereto, or between a contractor and a subcontractor. A change order may modify provisions relating to the scope of the work to be performed, including but not limited to additional work to be performed, or removal of work to be performed, a cost adjustment whether it increases or decreases the contract price, a schedule adjustment to the timeline agreed to in the initial contract for the completion of work to be performed, or any other changes to the original contract necessitated by conditions unforeseen at the time of the execution of the contract.

§ 2. Paragraph (a) of subdivision 1 of section 756-b of the general business law, as amended by chapter 417 of the laws of 2009, is amended to read as follows:

(a) If any interim or final payment to a contractor is delayed beyond the due date established in paragraph (a) of subdivision three of section seven hundred fifty-six-a of this article, the owner shall pay the contractor interest beginning on the next day at the rate of [~~one~~] **two** percent per month or fraction of a month on the unpaid balance, or at a higher rate consistent with the construction contract.

§ 3. Section 756-e of the general business law is REPEALED.

§ 4. This act shall take effect on the ninetieth day after it shall have become a law and shall apply to all construction contracts and change orders to construction contracts entered into on and after such date.