

STATE OF NEW YORK

10020

IN SENATE

April 22, 2026

Introduced by Sen. C. RYAN -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

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:

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

4 1. "Construction contract" means a written or oral agreement, includ-
5 ing a change order to a written or oral agreement, for the construction,
6 reconstruction, alteration, maintenance, moving or demolition of any
7 building, structure or improvement, or relating to the excavation of or
8 other development or improvement to land, and where the aggregate cost
9 of the construction project including all labor, services, materials and
10 equipment to be furnished, equals or exceeds one hundred fifty thousand
11 dollars. For the purposes of this article a construction contract shall
12 not include any such contract made and awarded by the state, any public
13 department, any public benefit corporation, any public corporation or
14 official thereof, or a municipal corporation or official thereof for
15 construction, reconstruction, alteration, repair, maintenance, moving or
16 demolition of any public works project nor any contract with a contrac-
17 tor or subcontractor which is part of such project; or any such contract
18 the purpose of which is the construction, reconstruction, alteration,
19 repair, maintenance, moving or demolition of an individual one, two or
20 three family residential dwelling or a residential tract development of
21 one hundred or less one or two family dwellings, or any residential
22 construction project where the aggregate size of such project is four
23 thousand five hundred square feet or less, or any residential project of
24 fewer than seventy-five units which receives financial assistance from
25 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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1 households earning an average of one hundred twenty-five percent of the
2 housing and urban development agency area median income.

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

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

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

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

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