

1 S.182

2 Introduced by Senator MacDonald

3 Referred to Committee on

4 Date:

5 Subject: Commerce; construction projects; subcontractors; liability

6 Statement of purpose of bill as introduced: This bill proposes to require a
7 contractor to be responsible for any harm or injury caused by a subcontractor
8 in the performance of a construction contract that is not covered by the
9 subcontractor's liability insurance.

10 An act relating to contractor liability related to subcontractor work

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 Sec. 1. 9 V.S.A. § 4003 is amended to read:

13 § 4003. CONTRACTOR'S AND SUBCONTRACTOR'S PAYMENT

14 OBLIGATIONS; LIABILITY

15 (a) Performance by a subcontractor in accordance with the provisions of its
16 contract shall entitle it to payment from the party with which it contracts.

17 (b) Notwithstanding any contrary agreement, a contractor or subcontractor
18 shall disclose to a subcontractor, before a subcontract is entered, the due date
19 for receipt of payments from the owner. Notwithstanding any other provision
20 of this chapter, if a contractor or subcontractor fails to accurately disclose the

1 due date to a subcontractor, the contractor or subcontractor shall be obligated
2 to pay the subcontractor as though the 20-day due dates in subsection 4002(c)
3 of this title were met by the owner.

4 (c) Notwithstanding any contrary agreement, when a subcontractor has
5 performed in accordance with the provisions of its contract, a contractor shall
6 pay to the subcontractor, and each subcontractor shall in turn pay to its
7 subcontractors, the full or proportional amount received for each such
8 subcontractor's work and materials based on work completed or service
9 provided under the subcontract, seven days after receipt of each progress or
10 final payment or seven days after receipt of the subcontractor's invoice,
11 whichever is later.

12 (d) Notwithstanding any contrary agreement, if any progress or final
13 payment to a subcontractor is delayed beyond the due date established in
14 ~~subsections~~ subsection (b) or (c) of this section, the contractor or subcontractor
15 shall pay its subcontractor interest, beginning on the next day, at an interest
16 rate equal to that established by 12 V.S.A. § 2903(b), on such unpaid balance
17 as may be due.

18 (e) Notwithstanding any contrary agreement, a contractor is liable for any
19 harm or injury to person or property caused by a subcontractor in the
20 performance of a construction contract that is not otherwise covered by the
21 subcontractor's own liability insurance.

1 Sec. 2. EFFECTIVE DATE

2 This act shall take effect on July 1, 2024.