

**CHAPTER NO. 944**

**HOUSE BILL NO. 3068**

**By Representative Curtiss**

**Substituted for: Senate Bill No. 3492**

**By Senators Ketron, McLeary**

AN ACT to amend Tennessee Code Annotated, Title 66, Chapter 34, relative to the "Prompt Pay Act of 1991".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-34-202(a), is amended by deleting the subsection in its entirety and by substituting instead the following:

(a) If a contractor has performed in accordance with the provisions of such person's written contract with the owner, then the owner shall pay to the contractor the full amount earned by the contractor, less only those amounts withheld in accordance with the provisions of §66-34-203. Such payment shall be made in accordance with the schedule for payments established within such contract and within thirty (30) days after application for payment is timely submitted by the contractor to the owner in accordance with such schedule.

SECTION 2. Tennessee Code Annotated, Section 66-34-302, is amended by deleting the section in its entirety and by substituting instead the following:

If a subcontractor, materialman, or furnisher has performed in accordance with the provisions of such person's written contract with the contractor, then the contractor shall pay to the subcontractor, materialman or furnisher the full amount earned by the subcontractor, materialman or furnisher, subject only to any condition precedent for payment clause in such contract, and less only those amounts withheld in accordance with the provisions of §66-34-303. Such payment shall be made in accordance with the schedule for payments established within such contract and within thirty (30) days after application for payment is timely submitted by the subcontractor, materialman, or furnisher to the contractor in accordance with such schedule.

The subcontractor, materialman, or furnisher shall also be paid its pro rata share of any interest provided for in §66-34-601 which has been received by the contractor.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all contracts executed after the effective date of this act.

PASSED: May 25, 2006

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 20<sup>th</sup> day of June 2006

  
PHIL BREDESEN, GOVERNOR