

# SENATE BILL REPORT

## SB 6040

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As of January 18, 2024

**Title:** An act relating to prompt payment in public works.

**Brief Description:** Concerning prompt payment in public works.

**Sponsors:** Senators Valdez, Keiser, Conway, Hasegawa and Nobles.

**Brief History:**

**Committee Activity:** State Government & Elections: 1/19/24.

**Brief Summary of Bill**

- Requires payment to subcontractors that are state certified small, women, and minority owned or disadvantaged business enterprises to be paid no later than 30 days after the work is accepted by the state or municipality, regardless of when the prime contractor receives payment.

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### SENATE COMMITTEE ON STATE GOVERNMENT & ELECTIONS

**Staff:** Danielle Creech (786-7412)

**Background:** Under current law when a contractor or subcontractor is paid for work performed on a public works project, they must pay subcontractors no later than ten days after receipt of payment. In the event of a good faith dispute over all or any portion of the amount due from the state or municipality to the prime contractor, or from the prime contractor or subcontractor to a subcontractor, then the state, municipality, prime contractor or subcontractor may withhold no more than 150 percent of the disputed amount. Those not a party to a dispute are entitled to full and prompt payment of their portion of a draw, progress payment, final payment, or released retainage.

Anyone whose funds have been withheld in violation of law are entitled to receive interest at the highest rate allowed by statute for every month of non-payment from the person

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wrongfully withholding the funds. In any action for the collection of wrongfully withheld funds, the prevailing party is entitled to costs of suit as well as reasonable attorneys' fees.

**Summary of Bill:** The following subcontractors are entitled to payment no later than 30 days after work on a public works project is accepted by the state or municipality, regardless of when the prime contractor receives payment:

- state certified small, women, and minority owned businesses;
- disadvantaged business enterprises; and
- those recognized as a women or minority owned business enterprises in a state of Washington port, county, or municipal small business or women or minority owned business enterprise program.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.