

SENATE BILL REPORT

SHB 2659

AS REPORTED BY COMMITTEE ON GOVERNMENTAL OPERATIONS,
FEBRUARY 25, 1992

Brief Description: Concerning public works contracts.

SPONSORS: House Committee on Local Government (originally sponsored by Representatives Cooper, Haugen, Ferguson, Rayburn, Wynne, Zellinsky, Horn, Bray and Wood)

HOUSE COMMITTEE ON LOCAL GOVERNMENT

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass as amended.

Signed by Senators McCaslin, Chairman; Roach, Vice Chairman; Madsen, Matson, and Sutherland.

Staff: Barbara Howard (786-7410)

Hearing Dates: February 25, 1992

BACKGROUND:

The state and each county, city, town, district, board, or other public body must reserve, from the moneys earned by a contractor on a public improvement contract, an amount to ensure that all labor, materials, and taxes will be paid. The amount of contract retainage that a public body may reserve cannot exceed 5 percent of the moneys earned by the contractor. Any laborer or materialman has a lien on this retainage.

It has been suggested that the language governing contract retainage reserved by public bodies from the earnings of contractors to ensure payment of labor, materials, and taxes should be clarified.

There is no specific statutory prohibition against a public body reserving moneys earned by a contractor under a public works contract for purposes other than to ensure payment of labor, materials, and taxes.

SUMMARY:

The language governing contract retainage reserved by public bodies from the earnings of contractors to ensure payment of labor, materials, and taxes is clarified.

A public body cannot reserve moneys earned by a contractor under a public improvement contract for any purpose other than to ensure payment of labor, materials, and taxes.

Appropriation: none

Revenue: none

Fiscal Note: none requested

SUMMARY OF PROPOSED SENATE AMENDMENT:

The retainage for claims from workers on public improvement contracts or state taxes owed is limited to 5 percent of the money due to the contractor for fulfilling its responsibility under a contract.

TESTIMONY FOR:

With the amendment, the objective of the bill -- to prevent retainage from being used for any other purpose -- is fulfilled.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Duke Schaub, Associated General Contractors; Jim Bush, Department of Transportation; Larry Stevens, United Subcontractors Association