

SENATE RESOLUTION
1991-8679

By Senators Matson and McMullen

WHEREAS, The economy of this state is significantly impacted by the economic and competitive health of the construction industry; and

WHEREAS, The many specialties, suppliers, and allied services that make up the construction industry contribute to most projects but are widely disparate in their bargaining power with each other; and

WHEREAS, The industry is highly dependent on and sensitive to the prompt flow of payment from public and private owners and from contractors to contractors and to suppliers; and

WHEREAS, There is evidence that, in both public and private works of improvement to real property, payment is frequently unreasonably withheld, and adequate remedies and incentives to encourage timely payment may not exist;

NOW, THEREFORE, BE IT RESOLVED, That the Senate Committee on Commerce and Labor continue its study of methods for encouraging prompt and fair payment for private works of improvement to real property to all project participants. Methods to be studied include, but are not limited to, the imposition of trust status on construction funds and special interest charges; and

BE IT FURTHER RESOLVED, That the study also include the payment practices of public entities pursuant to contracts for the construction, repair, or remodeling of improvements to real property, to evaluate the need for corrective legislation. The study shall include, but not be limited to, the promptness of payment, compliance with payment schedules established by contract, retainage contract provisions and practices, and the adequacy of interest payments of other remedies and incentives to encourage timely payment. The study shall be made in consultation with affected general construction associations and related services, state and local government agencies, including school, port, and hospital districts, the departments of transportation and general administration, and the office of financial management; and

BE IT FURTHER RESOLVED, That the study shall be completed and a report made to the legislature by the commencement of the 1992 legislative session.

I, Gordon A. Golob, Secretary of the Senate,
do hereby certify that this is a true and
correct copy of Senate Resolution 1991-8679,
adopted by the Senate April 28, 1991.

GORDON A. GOLOB
Secretary of the Senate