

SENATE BILL REPORT

SB 6390

As of February 2, 2004

Title: An act relating to creating a public body right to retained funds under public improvement contracts.

Brief Description: Creating a public body right to retained funds under public improvement contracts.

Sponsors: Senator T. Sheldon.

Brief History:

Committee Activity: Government Operations & Elections: 2/4/04.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Staff: Diane Smith (786-7410)

Background: Public works contracts require, with few exceptions, that a portion of the contract amount be retained by the public body as a trust fund in order to pay for labor, materials and taxes due under Title 82 RCW that the contractor owes but does not pay. This retained amount is called retainage and is in the amount of up to 5 percent of the contract price. The public body that is the party entering into the public works contract can be either the state, a county, city, town, district, board, or other public body. Timely claims against this trust fund are paid in the order listed above with the claims in each category paid in the sequential order that they are properly submitted. The claims become statutory liens if properly perfected.

The order of payment of statutory liens for contracts of \$20,000 or more begins with wages paid at the prevailing wage rate, then statutory liens are paid, followed by all taxes, other than those due under Title 82, increases and penalties against the contractor.

Summary of Substitute Bill: The public body party to the contract has a statutory lien to retainage held in trust by it. The public body's position is third, after materials and before Title 82 taxes.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Not requested.

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