

SENATE BILL REPORT

HB 1199

As Reported by Senate Committee On:
Government Operations & Elections, March 26, 2009

Title: An act relating to retainage of funds on public works projects.

Brief Description: Regarding retainage of funds on public works projects.

Sponsors: Representatives Haigh, Kristiansen, Hunt and Armstrong; by request of Capital Projects Advisory Review Board.

Brief History: Passed House: 3/11/09, 96-0.

Committee Activity: Government Operations & Elections: 3/26/09 [DP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; McDermott, Pridemore and Swecker.

Minority Report: That it be referred without recommendation.

Signed by Senator Benton.

Staff: Aaron Gutierrez (786-7448)

Background: For public works projects, public entities must retain up to 5 percent of the contract amount until the completion or acceptance of all contract work. This retainage is held in trust for the payment of anyone who provides labor, materials, supplies, or equipment to the prime contractor. Any unpaid workers, suppliers, or subcontractors may file a lien against the retainage. Any time the amount of work remaining on the contract is less than 5 percent, the contractor can request that the retainage be reduced to 100 percent of the remaining amount.

For public works contracts prior to November 1, 1973, a contractor may terminate all or a portion of the contract due to substantial increase in the cost of petroleum products. Any retainage must be released within 30 days of the decision to terminate the contract.

Summary of Bill: References to retainage of funds on public works contracts entered into prior to September 1, 1992, are removed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Four statutes applying to public works contracts entered into prior to 1992 are repealed: timely payment of interest on unpaid public contracts (RCW 39.76.010); retained percentage for public works (60.28.010); excess over lien claims to contractor (RCW 60.28.020); and duties of disbursing officer upon final acceptance of contract (RCW 60.28.050).

The statute for contracts affected by an increase in the price of petroleum products (RCW 39.04.140) is repealed.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.