CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE SENATE BILL 6040**

Chapter 276, Laws of 2024

68th Legislature

2024 Regular Session

PROMPT PAYMENT IN PUBLIC WORKS—REVIEW

EFFECTIVE DATE: March 26, 2024

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| Passed by the Senate March 5, 2024  Yeas 49 Nays 0  DENNY HECK  **President of the Senate**  Passed by the House March 1, 2024  Yeas 95 Nays 0  LAURIE JINKINS  **Speaker of the House of Representatives** | CERTIFICATE  I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6040** as passed by the Senate and the House of Representatives on the dates hereon set forth.  SARAH BANNISTER  Secretary |
| Approved March 26, 2024 9:45 AM | March 27, 2024 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**ENGROSSED SUBSTITUTE SENATE BILL 6040**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2024 Regular Session

**State of Washington 68th Legislature 2024 Regular Session**

**By** Senate State Government & Elections (originally sponsored by Senators Valdez, Keiser, Conway, Hasegawa, and Nobles)

AN ACT Relating to prompt payment in public works; creating new sections; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that prompt pay requirements address the acceptable amount of time that payments must be made to contractors and subcontractors, and under what circumstances exceptions can be made. Washington state has prompt pay statutes that apply to public works commissioned by the state or local public entities such as counties, cities, towns, port districts, school districts, and other public entities in the state. These statutes intend to promote efficient implementation of public works projects by, among other things, requiring timely payment to assist contractors and subcontractors in operating their businesses and meet working capital and cash flow needs, while enabling public entities to address such things as disagreements over amounts owed, unsatisfactory performance, and noncompliance with the terms of the contract.

(2) The legislature intends to review how well prompt pay provisions are working for small businesses, particularly women and minority-owned businesses, potential improvements that could be considered, and the potential impacts on the industry any recommendations might have.

NEW SECTION. **Sec.**  (1)(a) The capital projects advisory review board created in chapter 39.10 RCW shall review the extent to which prompt pay statutes meet the needs of small businesses, as defined in RCW 39.26.010, particularly women and minority-owned businesses as certified under chapter 39.19 RCW or as officially recognized as such by a local public entity. These statutes include RCW 39.04.250, 39.76.011, and 39.76.020.

(b) The capital projects advisory review board must present findings and any recommendations the board develops to the appropriate committees of the legislature on or before November 1, 2024.

(2) In carrying out the review and considering possible recommendations under subsection (1) of this section, the board shall engage with a broad range of stakeholders.

NEW SECTION. **Sec.**  In considering possible recommendations under section 2(1)(b) of this act, at a minimum the capital projects advisory review board shall consider:

(1) Requiring the state and local entities to pay the prime contractor within 30 days for work satisfactorily completed or materials delivered by a subcontractor of any tier that is a small business certified with the office of minority and women's business enterprises under chapter 39.19 RCW, or is recognized as a women or minority-owned business enterprise in a state of Washington port, county, or municipal small business or women or minority-owned business enterprise program;

(2) Requiring that, within 10 days of receipt of payment, the prime contractor and each higher tier subcontractor must make payment to its subcontractor until the subcontractor that is a certified small business or recognized women or minority-owned business has received payment.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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Passed by the Senate March 5, 2024.

Passed by the House March 1, 2024.

Approved by the Governor March 26, 2024.

Filed in Office of Secretary of State March 27, 2024.