

FINAL BILL REPORT

SHB 2659

FULL VETO

Brief Description: Concerning public works contracts.

By 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

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 materialperson has a lien on this contract retainage.

Whenever 50 percent of the original contract work is completed, the public body may make partial payments to the contractor, but the public body must always retain at least 5 percent of the moneys earned by the contractor. The contractor may, however, request that the contract retainage be reduced to 100 percent of the value of the work remaining on the contract. The public body may release the contract retainage 30 days after the work is completed and accepted.

It has been suggested that the language governing contract retainage reserved by public bodies from the earnings of contractors should be simplified.

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 simplified. The requirement that at least 50 percent of the original contract work must be completed before any contract retainage is released is eliminated.

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, so long as the contractor is fulfilling his or her responsibilities under the contract.

Votes on Final Passage:

House	96	0	
Senate	48	0	(Senate amended)
House	90	0	(House concurred)

FULL VETO (See VETO MESSAGE)