
Transportation Committee

HB 1384

Brief Description: Concerning public improvement contracts involving certain federally funded transportation projects.

Sponsors: Representatives Moscoso, Liias, Clibborn, Billig, Ryu, Kenney, Stanford and Reykdal; by request of Department of Transportation.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Exempts public highway, road and street contracts funded by federal transportation funds from the "contract retainage" requirement.

Hearing Date: 2/3/11

Staff: Christie Parker (786-7322).

Background:

Current state law requires that public improvement contract provisions include a "contract retainage" of no more than 5 percent of the moneys earned by the contractor. The retainage is to be set aside as a trust fund in the event that claims arise under the contract or taxes are not paid by the contractor. This provision applies to the state, as well as to counties, cities, towns, districts, boards, and other public bodies. State law also permits prime contractors to hold a contract retainage of no more than 5 percent of moneys earned by subcontractors or suppliers.

State law requires that all retainage be paid to the contractor within 60 days of completion of all contract work other than landscaping.

Federal disadvantaged business enterprise (DBE) regulations require prime contractors to pay subcontractors in full by no later than 30 days after the contractor's work is satisfactorily completed. This is referred to as the DBE "prompt payment requirement."

Summary of Bill:

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.

Public improvement contracts for highway, road, and street projects that are funded by federal transportation funds are exempted from the retainage requirement. Instead, the contract bond is used in the event of claims or unpaid taxes.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.