

FINAL BILL REPORT

SB 5734

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Synopsis as Enacted

Brief Description: Bringing Washington state government contracting provisions into compliance with federal law as it relates to small works bonding requirements.

Sponsors: Senators Chase, Baumgartner, Miloscia, Saldaña, Keiser, Conway, Hasegawa, McCoy, Braun, Honeyford, Brown, Kuderer, Rivers and Warnick.

Senate Committee on State Government
House Committee on State Government, Elections & Information Technology
House Committee on Capital Budget

Background: A state or local entity awarding a public works contract must require the contractor to execute a surety bond conditioned upon the contractor faithfully performing all the provisions of the contract, paying all labor, subcontractor, and material supplier costs, as well as payment of all taxes and penalties when required. The bond must be equal to the full contract price; cities and towns may set the amount of the bond for not less than 25 percent of the contract price.

For public works contracts up to \$35,000, the contractor has the option to have the public entity retain 50 percent of the contract amount in lieu of the bond requirement. The retained payment is withheld until 30 days after final acceptance or upon the settlement of any liens, or any necessary releases by the Department of Revenue, Department of Labor and Industries, or the Employment Security Department. In addition, state and local entities may waive the bond requirement for contracts up to \$35,000 when using a limited public works process for awarding contracts. For contracts up to \$100,000, the contracting public entity may accept full payment and performance bond from an individual surety.

Summary: The contractor or general contractor/construction manager has the option to have the public entity retain 10 percent, instead of 50 percent, of the contract amount in lieu of the bond requirement for public works contracts up to \$150,000, instead of \$35,000.

The recovery of unpaid wages and benefits is identified as the first priority for any claims filed against retainage held by a state agency or authorized local government.

The threshold amount for contracts from which the public entity may accept full payment and performance bond from an individual surety is increased from \$100,000 to \$150,000.

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.

Votes on Final Passage:

Senate	49	0
House	96	0

Effective: July 23, 2017