

FINAL BILL REPORT

EHB 2702

C 101 L 94
Synopsis as Enacted

Brief Description: Concerning public improvement bonds' retainage level.

By Representatives Brown, Orr and Padden.

House Committee on Commerce & Labor
Senate Committee on Labor & Commerce

Background: If the state, or a county, city, town, district, board or other public entity awards a public works contract, the awarding entity must reserve a contract retainage of no more than 5 percent of the money earned by the contractor as a trust fund. The trust fund provides payment for claims arising under the contract and for state excise taxes that may be due from the contractor. Persons performing labor or furnishing supplies also may obtain a lien on the money reserved by the awarding entity.

A contractor may submit a bond for all or part of the retainage if the awarding entity authorizes a bond. If a bond is submitted, it must be in a form acceptable to the awarding entity. The bond is subject to the claims and liens arising under the contract in the same manner as the retainage is subject to the claims and liens.

Summary: The requirement is deleted that a public entity awarding a public works contract must consent before a contractor is permitted to provide a bond in lieu of retainage under the contract. However, the bond must be in a form acceptable to the awarding entity and must be from a bonding company that meets standards established by the awarding entity. The awarding entity must accept a bond meeting these requirements, unless the awarding entity can demonstrate good cause for refusing to accept it.

Votes on Final Passage:

House	94	0
Senate	47	0

Effective: June 9, 1994