

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 0 - 1
Yeas:	Barton, Cameron, Edwards C., Esquivel, Holvey, Kennemer, Matthews, Thatcher, Schaufler
Nays:	0
Exc.:	Witt
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	4/22

WHAT THE MEASURE DOES: Permits a contracting agency to accept certain financial instruments from a contractor in lieu of moneys held as retainage in connection with public improvement contracts and permits a contractor to accept similar instruments from a subcontractor.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: Clarifies the intent of the measure by allowing other types of financial instruments to be used as retainage.

BACKGROUND: The state's Public Contracting Code defines "retainage" as the difference between the amount earned by a contractor on a public improvement contract and the amount paid by the contracting agency. The withholding of retainage by a contractor or subcontractor on a public improvement contract is made in an amount equal to no more than five percent of the contract price of the work completed, unless the charter of the contracting agency requires higher percentage.

HB 2955-A clarifies that bonds, securities, surety bonds, and other types of financial instruments can be accepted in lieu of moneys held in retainage with public improvement contracts. The measure also defines types of bonds that can be used, such as corporation bonds rated A or better, general obligation bonds, or irrevocable letters of credit.