



Date: February 19, 2024

To: Senator Kathleen Taylor, Chair
Senator Daniel Bonham, Vice-Chair
Senate Labor and Business Committee

Subject: **Support Testimony for House Bill 4006-A**

Chair Taylor and Members of the Senate Labor and Business Committee:

My name is John Killin, Executive Director of the Associated Wall and Ceiling Contractors, writing in support of HB 4006-A.

We have been a consistent part of this workgroup to help fix some of the challenges in the current retainage law.

A few years ago, we passed a bill that required escrow accounts on all construction projects. After the bill passed, we found out escrow accounts were not a workable option for contractors and the financial institutions we work with. The primary purpose of HB 4006-A is to replace the escrow requirement and allow a surety bond to be used that is backed by both the bonding company and the contractor.

We believe that bonding in lieu of holding back a portion of the money already owed to the contractor will allow for better cash flow while still ensuring owner satisfaction. Our broad coalition is offering a well written solution that will closely mirror established laws in Washington.

If passed into law, this bill will increase predictability and consistency for businesses and owners since only in rare and unique situations will bonds be rejected - especially since accepting bonds for retainage is a current practice. This Bill makes it clear that bonds are an option when requested by the general or subcontractor. In exchange for the owner or general contractor using the bond as retainage, contractors will be providing personal guarantees that the project will get done properly thru the bonding process.

That personal commitment and small bond premium are well worth being paid in a timely fashion as many times the cash retainage for work already performed can be months or years before it is released. Being paid in a timely manner is particularly important for emerging and small contractor businesses.

We ask you to send the bill to the floor with a due pass recommendation. Thank you for your consideration.