

March 21, 2007

S 1242. RETAINAGE PAYMENTS/CONSTRUCTION CONTRACTS. Filed 3/21/07. *AMENDING THE LAWS RELATED TO RETAINAGE ON PAYMENTS ON PUBLIC CONSTRUCTION CONTRACTS, AS RECOMMENDED BY THE RETAINAGE STUDY COMMITTEE.*

Amends GS 143-134.1 to require the balance of public contracts let by state government (with the exception of the Department of Transportation) requiring an estimated expenditure of \$300,000 or more in public money, to be paid in full to prime contractors 45 days after acceptance or certification. Increases the amount of interest to be paid for late payments to prime contractors and from prime contractors to sub-contractors from 1% to 1½% per month. Provides that when there is conditional acceptance of a contract and the owner retains a sum pending correction, punitive interest (was, interest) does not apply. Prohibits retainage on periodic or final payments by the owner or prime contractor if the total project costs are less than \$300,000; allows retainage when the project costs are equal to or greater than \$300,000 and sets requirements for the retainage including the amount to be retained, release of the retainage by the owner or prime contractor, and other requirements. Requires payment to be made in full upon the completion and acceptance of each individual work item for which a separate price is stated in the contract, and only to those trades that were 100% complete at the time the project was 50% complete. Includes information that is to be included in the bid document. Provides that release of retainage does not affect applicable warranties or statute of limitations. In the event a suit is brought, allows a judge to award attorney's fee to the prevailing party. Makes technical and conforming changes. Effective for contracts entered into on or after October 1, 2007.

Intro. by Dorsett.

GS 143