

# HB1227



## 98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1227

by Rep. Patrick J. Verschoore

### SYNOPSIS AS INTRODUCED:

815 ILCS 603/10

Amends the Contractor Prompt Payment Act. Provides that under a construction contract, it is unlawful to withhold more than 5% retainage on payments earned by contractors and subcontractors. Effective immediately.

LRB098 02941 MLW 32956 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Contractor Prompt Payment Act is amended by  
5 changing Section 10 as follows:

6 (815 ILCS 603/10)

7 Sec. 10. Construction contracts.

8 (a) All construction contracts shall be deemed to provide  
9 the following:

10 (1) If a contractor has performed in accordance with  
11 the provisions of a construction contract and the payment  
12 application has been approved by the owner or the owner's  
13 agent, the owner shall pay the amount due to the contractor  
14 pursuant to the payment application not more than 15  
15 calendar days after the approval. The payment application  
16 shall be deemed approved 25 days after the owner receives  
17 it unless the owner provides, before the end of the 25-day  
18 period, a written statement of the amount withheld and the  
19 reason for withholding payment. If the owner finds that a  
20 portion of the work not in accordance with the contract,  
21 payment may be withheld for the reasonable value of that  
22 portion only. Payment shall be made for any portion of the  
23 contract for which the work has been performed in

1           accordance with the provisions of the contract.  
2           Instructions or notification from an owner to his or her  
3           lender or architect to process or pay a payment application  
4           does not constitute approval of the payment application  
5           under this Act.

6           (2) If a subcontractor has performed in accordance with  
7           the provisions of his or her contract with the contractor  
8           or subcontractor and the work has been accepted by the  
9           owner, the owner's agent, or the contractor, the contractor  
10          shall pay to his or her subcontractor and the subcontractor  
11          shall pay to his or her subcontractor, within 15 calendar  
12          days of the contractor's receipt from the owner or the  
13          subcontractor's receipt from the contractor of each  
14          periodic payment, final payment, or receipt of retainage  
15          monies, the full amount received for the work of the  
16          subcontractor based on the work completed or the services  
17          rendered under the construction contract.

18          (b) Under a construction contract, it is unlawful to  
19          withhold more than 5% retainage on payments earned by  
20          contractors and subcontractors.

21          (Source: P.A. 95-567, eff. 8-31-07.)

22          Section 99. Effective date. This Act takes effect upon  
23          becoming law.