

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 adding Section 20 as follows:

6 (815 ILCS 603/20 new)

7 Sec. 20. Retainage. No construction contract may permit  
8 the withholding of retainage from any payment in excess of the  
9 amounts permitted in this Section. A construction contract may  
10 provide for the withholding of retainage of up to 10% of any  
11 payment made prior to the completion of 50% of the contract.  
12 When a contract is 50% complete, retainage withheld shall be  
13 reduced so that no more than 5% is held. After the contract is  
14 50% complete, no more than 5% of the amount of any subsequent  
15 payments made under the contract may be held as retainage.

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law.