

# SB2729



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2729

Introduced 1/12/2024, by Sen. Ram Villivalam

### SYNOPSIS AS INTRODUCED:

New Act

Creates the Government Contract Retainage Act. Defines terms, including that "retainage" means a portion of money withheld from the payment of a contract for a specified period of time to ensure that a contractor or subcontractor finishes a construction project completely and finishes in the manner specified in the contract. Provides that interest shall accrue monthly on the first day of each month on retainage withheld by a governmental unit at a specified rate set by the State Treasurer. Requires retainage withheld by a governmental unit to be paid not more than 60 days after being retained, including interest accrued, unless the retainage was withheld on the last pay period of a project shall, which shall be paid not more than 120 days after being retained. Limits the concurrent exercise of home rule powers.

LRB103 36029 AWJ 66116 b

A BILL FOR

1 AN ACT concerning government.

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

4 Section 1. Short title. This Act may be cited as the  
5 Government Contract Retainage Act.

6 Section 5. Definitions. As used in this Act:

7 "Governmental unit" means a State agency or a unit of  
8 local government.

9 "State agency" has the meaning given to "state agencies"  
10 in Section 1-7 of the Illinois State Auditing Act.

11 "Retainage" means a portion of money withheld from the  
12 payment of a contract for a specified period of time to ensure  
13 that a contractor or subcontractor finishes a construction  
14 project completely and finishes in the manner specified in the  
15 contract.

16 Section 10. Interest on retainage. Interest shall accrue  
17 monthly on the first day of each month on retainage withheld by  
18 a governmental unit. The accrual rate shall be equal to the  
19 rate set by the Treasurer on the first of each month for the  
20 Local Government Investment Pool Fund Daily Rates.

21 Section 15. Payment of retainage. Retainage withheld by a

1 governmental unit shall be paid not more than 60 days after  
2 being retained, including interest accrued under Section 10,  
3 except that retainage withheld on the last pay period of a  
4 project shall be paid not more than 120 days after being  
5 retained.

6 Section 90. Home rule. A home rule unit may not regulate  
7 retainage in a manner inconsistent with this Act. This Act is a  
8 limitation under subsection (i) of Section 6 of Article VII of  
9 the Illinois Constitution on the concurrent exercise by home  
10 rule units of powers and functions exercised by the State.