

1 AN ACT in relation to contracts.

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 Contractor Prompt Payment Act.

6 Section 5. Definitions. In this Act:

7 "Building and construction contract" means a contract or
8 subcontract, for the design, construction, alteration,
9 improvement, repair, or maintenance of Illinois real
10 property, except for contracts that require the expenditure
11 of public funds.

12 "Business day" means any calendar day except Saturday,
13 Sunday, or a federal holiday.

14 "Contractor" and "Subcontractor" shall have the meanings
15 ascribed them by the Mechanics Lien Act and cases
16 interpreting that Act.

17 Section 10. Building and construction contracts. All
18 building and construction contracts shall be deemed to
19 provide the following:

20 (a) Prompt payment. Upon application for payment in
21 accordance with the contract, an owner must pay a contractor
22 within 10 business days for work performed by that contractor
23 and about which there is no reasonable dispute. Upon receipt
24 of the payment from an owner, the contractor must forward
25 that payment within 10 business days of receipt to the
26 subcontractors who performed the work for which the payment
27 was made.

28 (b) Progress payments. Periodic progress payments shall
29 be made at least monthly, based upon reasonable estimates of
30 work completed. Payments made to comply with this subsection

1 (b) shall not waive any right to a cause of action for
2 defects in the work.

3 (c) Retainer. A retainer may be required for contracts
4 made pursuant to this Act. The retainer shall not exceed 5%
5 of any progress payment.

6 (d) Application to subcontractors. Subcontractors shall
7 have the same rights and duties with respect to their
8 subcontractors as contractors have with their subcontractors.

9 (e) Waiver by agreement. The provisions of this Act may
10 be waived by express written agreement between the parties.

11 Section 20. Enforcement. A private civil action may be
12 brought under this Act to recover payments wrongfully
13 withheld, as well as 10% interest from the date the payment
14 was due and reasonable attorneys' fees and expenses incurred
15 in bringing the action.

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