

SENATE NO. 1899

AN ACT RELATIVE TO INTEREST ON RETAINAGE.

*Be it enacted by the Senate and House of Representatives in General Court assembled,
And by the authority of the same, as follows:*

1 SECTION 1. Section 39G of Chapter 30 of the General Laws as amended by Chapter 236 of the Acts
2 of 1998 is hereby further amended by inserting after paragraph six, the following new paragraph:—
3 At the time of the first payment to the contractor, the awarding authority shall establish an escrow
4 account in a financial institution licensed to do business in the Commonwealth. The account shall be
5 set up to maximize the return, which is to accumulate. The awarding authority shall then pay into such
6 account each portion of each requisition that represents retainage deducted from the amount due the
7 contractor for periodic payment. The payment of such retainage into the escrow account shall be made
8 simultaneously with the payments to the contractor for periodic requisitions. The proceeds of the
9 escrow account including accumulated interest shall be payable to the contractor in accordance with
10 the provisions of this section.