

New Bill May Impact Your Retainage

Amundsen Davis Construction Alert
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The Illinois legislature recently passed a bill that may impact retainage on your projects. The bill — if passed into law — sets the ceiling for retainage at 10%, and requires that retainage be reduced to 5% once the project is 50% complete. The bill does not state whether the new requirements would apply to current projects or if they would be limited to future contracts only. A copy of the bill and its progress can be found on the Illinois General Assembly website.

If enacted into law, this legislation would affect private sector construction projects by prohibiting any retainages beyond the above amounts. The new law would be generally favorable for contractors and subcontractors from a cash flow perspective. However, it has raised concern among developers and owners.

The Bill recently passed through the Illinois legislature and was sent to Governor Bruce Rauner for signature. Though Rauner's position is unknown, he is expected to sign or reject the legislation within the next several months. We will keep you updated with further developments on the bill. If it is enacted into law, all construction contracts will need to be reviewed and modified to ensure that they comply with the new law.

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