

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 574	House Committee:	PASSED on 4/2/25 (24-0)
Committee:	Ways and Means	House Floor:	PASSED on 4/15/25 (90-4)
Floor Manager:	Rep. Johnson, C.	Senate Floor:	PASSED on 3/25/25 (45-4)
Date:	Final	Governor:	SIGNED on 4/25/25
Staff:	Kristi Kious (2-5290)		

Public Improvement Contracts

- Decreases the amount a public corporation can retain of their payments to contractors and subcontractors.

Section by Section Analysis

Section 1 – Payments and retention from payments on contracts (573.12)

Contract payments for the construction of public improvements are required to be made on the basis of monthly estimates of labor performed and material delivered, as determined by the project architect or engineer.

This section lowers what a public corporation shall retain from each monthly payment from five to three percent of that amount. It also provides that the contractor may retain from each payment to a subcontractor not more than the lesser of three percent (from five) or the amount specified in the contract between the contractor and the subcontractor.

Section 2 – Inviolability and disposition of fund (573.13)

A public corporation shall not be permitted to plead noncompliance and the retained percentage of the contract price, which in no case shall be more than five three percent, constitutes a fund for the payment of claims for materials furnished and labor performed on the improvement and shall be held and disposed of by the public corporation as provided in this chapter.