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**CONSTRUCTION TRADES LICENSING
AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian S. King

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Construction Trades Licensing payment provisions.

Highlighted Provisions:

This bill:

- ▶ requires a contractor to hold construction funds in trust;
- ▶ requires a subcontractor to hold construction funds in trust; and
- ▶ makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

58-55-603, as renumbered and amended by Laws of Utah 1994, Chapter 181

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **58-55-603** is amended to read:

58-55-603. Payment to subcontractors and suppliers.

(1) ~~It~~ **(a)** ~~It~~ When a contractor receives [any] construction funds from an owner,

lender, or



28 another contractor for work performed and billed, ~~[he shall pay each of his subcontractors and~~
 29 ~~suppliers]~~ the contractor shall ~~H→~~ , for each subcontractor or supplier with whom the
 29a contractor is in privity of contract ←H :

30 H→ ~~(a)~~ (i) ←H hold the construction funds in trust; and

31 H→ ~~(b)~~ (ii) ←H pay each subcontractor and supplier in proportion to the percentage of
 31a the work
 32 [they] the subcontractor performed or goods the supplier provided under that billing, unless
 33 otherwise agreed by contract.

33a H→ (b) A contractor under Subsection(1)(a)(i) may create a separate construction
 33b fund trust account. ←H

34 ~~[(2) If, under this section and without reasonable cause, or unless otherwise agreed by~~
 35 ~~contract,]~~

36 (2) (a) Subject to Subsection (2)(b) and unless otherwise agreed by contract, a
 37 contractor shall pay a subcontractor or supplier, in addition to a payment described in
 38 Subsection (1):

39 (i) 1% interest per month of the outstanding amount due;

40 (ii) reasonable costs of any collection; and

41 (iii) reasonable attorney fees.

42 (b) Subsection (2)(a) does not apply unless the contractor fails to pay for work
 43 performed by ~~[his subcontractors or suppliers]~~ a subcontractor or supplier by the later of the
 44 following:

45 (i) within 30 consecutive days after receiving construction funds from ~~[the]~~ an owner,
 46 lender, or another contractor for work performed and billed~~[-];~~ or

47 (ii) after the last day payment is due under the terms of the billing~~[-, whichever is later,~~
 48 he shall pay to the subcontractor or supplier, in addition to the payment, interest in the amount
 49 of 1% per month of the amount due, beginning on the day after payment is due, and reasonable
 50 costs of any collection and attorney's fees].

51 ~~[(3) When a subcontractor receives any construction payment under this section,~~
 52 ~~Subsections (1) and (2) apply to that subcontractor.]~~

53 (3) When a subcontractor receives construction funds from an owner, lender, or
 54 another subcontractor under this section, Subsections (1) and (2) shall apply to the
 55 subcontractor.

Legislative Review Note
as of 2-4-09 8:31 AM

Office of Legislative Research and General Counsel

H.B. 318 - Construction Trades Licensing Amendments

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments. Individuals and business may be impacted by the proposed change in statute.
