

1 **CONSTRUCTION TRADES LICENSING ACT**

2 **AMENDMENTS**

3 2010 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Brian S. King**

6 Senate Sponsor: _____

7

LONG TITLE

8 **General Description:**

9 This bill amends the Construction Trades Licensing payment provisions.

10 **Highlighted Provisions:**

11 This bill:

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

15 **Monies Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 **AMENDS:**

21 **58-55-603**, as renumbered and amended by Laws of Utah 1994, Chapter 181

22

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

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

24 **58-55-603. Payment to subcontractors and suppliers.**

25 (1) (a) [~~When a~~] A contractor who receives [~~any~~] construction funds from an owner,



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

- 31 (i) hold the construction funds in trust; and
- 32 (ii) pay each subcontractor and supplier in proportion to the percentage of the work
33 [they] the subcontractor performed or goods the supplier provided under that billing, unless
34 otherwise agreed by contract.

35 (b) A contractor under Subsection (1)(a) may create a separate construction fund trust
36 account.

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

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

- 42 (i) 1% interest per month of the outstanding amount due;
- 43 (ii) reasonable costs of any collection; and
- 44 (iii) a reasonable attorney fee.

45 (b) Subsection (2)(a) does not apply unless the contractor fails to pay for work
46 performed by [his subcontractors or suppliers within] a subcontractor or supplier by the later
47 of:

- 48 (i) 30 [consecutive] calendar days after receiving construction funds from [the] an
49 owner, lender, or another contractor for work performed and billed~~[, or after]; and~~
- 50 (ii) the last day payment is due under the terms of the [billing, whichever is later, he
51 shall pay to the subcontractor or supplier, in addition to the payment, interest in the amount of
52 1% per month of the amount due, beginning on the day after payment is due, and reasonable
53 costs of any collection and attorney's fees] contract.

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

56 (3) Subsections (1) and (2) apply to a subcontractor who receives construction funds
57 from an owner, contractor, lender, or another subcontractor under this section.

Legislative Review Note
as of 1-28-10 4:51 PM

Office of Legislative Research and General Counsel

H.B. 272 - Construction Trades Licensing Act Amendments

Fiscal Note

2010 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Contractors who fail to pay their subcontractors in a timely manner could be required to pay additional interest. Enactment of this bill likely will not result in direct, measurable costs and/or benefits for other individuals or local governments.
