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**SUBSTITUTE SENATE BILL 6040**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Senate State Government & Elections (originally sponsored by Senators Valdez, Keiser, Conway, Hasegawa, and Nobles)

1 AN ACT Relating to prompt payment in public works; amending RCW  
2 39.04.250; and providing an effective date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 39.04.250 and 1992 c 223 s 5 are each amended to  
5 read as follows:

6 (1) (a) When payment is received by a contractor or subcontractor  
7 for work performed on a public work, the contractor or subcontractor  
8 shall pay to any subcontractor not later than ~~((ten))~~ 10 days after  
9 the receipt of the payment, amounts allowed the contractor on account  
10 of the work performed by the subcontractor, to the extent of each  
11 subcontractor's interest therein.

12 (b) (i) The contractor must promptly pay within 30 calendar days  
13 for work satisfactorily completed or materials delivered by a  
14 subcontractor that is a small business certified with the office of  
15 minority and women's business enterprises under chapter 39.19 RCW, or  
16 is recognized as a women or minority-owned business enterprise in a  
17 state of Washington port, county, or municipal small business or  
18 women or minority-owned business enterprise program, regardless of  
19 when the prime contractor receives payment for work performed on the  
20 public work.

1        (ii) For the purposes of this subsection, when a public owner has  
2 made an incremental acceptance of a portion of a prime contract, the  
3 work of a subcontractor covered by the incremental acceptance is  
4 deemed satisfactorily complete.

5        (2) In the event of a good faith dispute over all or any portion  
6 of the amount due on a payment from the state or a municipality to  
7 the prime contractor, or from the prime contractor or subcontractor  
8 to a subcontractor, then the state or the municipality, or the prime  
9 contractor or subcontractor, may withhold no more than (~~one hundred~~  
10 ~~fifty~~) 150 percent of the disputed amount. Those not a party to a  
11 dispute are entitled to full and prompt payment of their portion of a  
12 draw, progress payment, final payment, or released retainage.

13        (3) In addition to all other remedies, any person from whom funds  
14 have been withheld in violation of this section shall be entitled to  
15 receive from the person wrongfully withholding the funds, for every  
16 month and portion thereof that payment including retainage is not  
17 made, interest at the highest rate allowed under RCW 19.52.025. In  
18 any action for the collection of funds wrongfully withheld, the  
19 prevailing party shall be entitled to costs of suit and reasonable  
20 attorneys' fees.

21        NEW SECTION.    **Sec. 2.** This act takes effect July 1, 2024.

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