

**HOUSE . . . . . No. 2964**

---

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the Year Two Thousand Nine**  
\_\_\_\_\_

An Act relative to interest on retainage..

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 39G of Chapter 30 of the General Laws, as appearing in the 2004  
2 Official Edition and as amended by Chapter 236 of the Acts of 1998 is hereby further amended  
3 by inserting after paragraph six, the following new paragraph:-

4 At the time of the first payment to the contractor, the awarding authority shall establish  
5 an escrow account in a financial institution licensed to do business in the Commonwealth. The  
6 account shall be set up to maximize the return, which is to accumulate. The awarding authority  
7 shall then pay into such account each portion of each requisition that represents retainage  
8 deducted from the amount due the contractor for periodic payment. The payment of such  
9 retainage into the escrow account shall be made simultaneously with the payments to the  
10 contractor for periodic requisitions. The proceeds of the escrow account including accumulated  
11 interest shall be payable to the contractor in accordance with the provisions of this section.