

HOUSE No. 4507

The Commonwealth of Massachusetts

In the Year Two Thousand Ten

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 2008
2 Official Edition, is hereby amended by inserting after the sixth paragraph the following new
3 paragraph:—

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