

1 AN ACT concerning building contracts.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 1. Short title. This Act may be cited as the  
5 Building and Construction Contract Payment Act.

6 Section 5. Payments to subcontractors and material  
7 suppliers.

8 (a) When a contractor receives any payment, the  
9 contractor shall pay each subcontractors and material  
10 suppliers in proportion to the work completed by each  
11 subcontractor and material supplier their application less  
12 any retention.

13 (b) If the contractor receives less than the full  
14 payment due under the construction contract, the contractor  
15 shall be obligated to disburse on a pro rata basis those  
16 funds received, with the contractor, subcontractors and  
17 material suppliers each receiving a prorated portion based on  
18 the amount of payment.

19 (c) When the owner does not release the full payment due  
20 under the contract because there are specific areas of work  
21 or materials the contractor is rejecting or because the  
22 contractor has otherwise determined those areas are not  
23 suitable for payment, then those specific subcontractors or  
24 suppliers involved shall not be paid for that portion of the  
25 work rejected or deemed not suitable for payment and all  
26 other subcontractors and suppliers shall be paid in full.

27 Section 10. Failure to make payment within 15 days after  
28 receipt of payment under contract. If the contractor, without  
29 reasonable cause, fails to make any payment to his or her  
30 subcontractors and material suppliers within 15 days after

1 receipt of payment under the construction contract, the  
2 contractor shall pay to his or her subcontractors and  
3 material suppliers, in addition to the payment due them,  
4 interest in the amount of 2% per month, calculated from the  
5 expiration of the 15-day period until fully paid. This  
6 Section shall also apply to any payments made by  
7 subcontractors and material suppliers to their subcontractors  
8 and material suppliers and to all payments made to lower tier  
9 subcontractors and material suppliers throughout the  
10 contracting chain.

11 Section 99. Effective date. This Act takes effect on  
12 becoming law.