

1 AN ACT concerning construction contracts.

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

4 Section 5. The Illinois Procurement Code is amended by
5 changing Section 30-25 as follows:

6 (30 ILCS 500/30-25)

7 Sec. 30-25. Retention of a percentage of contract price.
8 ~~Whenever~~ Any contract entered into by a construction agency
9 for the repair, remodeling, renovation, or construction of a
10 building or structure, for the construction or maintenance of
11 a highway, as those terms are defined in Article 2 of the
12 Illinois Highway Code, or for the reclamation of abandoned
13 lands as those terms are defined in Article I of the
14 Abandoned Mined Lands and Water Reclamation Act may provide
15 ~~provides~~ for the retention of a percentage not to exceed 5%
16 of the contract price until final completion and acceptance
17 of the work. ~~7~~ Upon the request of the contractor and with the
18 approval of the construction agency the amount so retained
19 may be deposited under a trust agreement with an Illinois
20 bank or financial institution of the contractor's choice and
21 subject to the approval of the construction agency. The
22 contractor shall receive any interest on the deposited
23 amount. Upon application by the contractor, the trust
24 agreement must contain, at a minimum, the following
25 provisions:

26 (1) the amount to be deposited subject to the
27 trust;

28 (2) the terms and conditions of payment in case of
29 default by the contractor;

30 (3) the termination of the trust agreement upon
31 completion of the contract; and

1 (4) the contractor shall be responsible for
2 obtaining the written consent of the bank trustee and for
3 any costs or service fees.

4 The trust agreement may, at the discretion of the
5 construction agency and upon request of the contractor,
6 become effective at the time of the first partial payment in
7 accordance with existing statutes and rules.

8 (Source: P.A. 90-572, eff. date - See Sec. 99-5.)