

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2691

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DATE	D-PG	OFFICIAL STATUS
03/14/2016	5033	Introduction and first reading Referred to Jobs, Agriculture and Rural Development
03/23/2016	5239	Author added Jensen

1.1 A bill for an act
 1.2 relating to commerce; building and construction contracts; regulating retainages;
 1.3 amending Minnesota Statutes 2014, section 337.10, subdivision 4.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2014, section 337.10, subdivision 4, is amended to read:

1.6 Subd. 4. **Progress payments and retainages.** (a) Unless the building and
 1.7 construction contract provides otherwise, the owner or other persons making payments
 1.8 under the contract must make progress payments monthly as the work progresses.
 1.9 Payments shall be based upon estimates of work completed as approved by the owner or
 1.10 the owner's agent. A progress payment shall not be considered acceptance or approval of
 1.11 any work or waiver of any defects therein.

1.12 (b) ~~Unless the building and construction contract provides otherwise,~~ An owner or
 1.13 owner's agent may reserve as retainage from any progress payment on a building and
 1.14 construction contract an amount not to exceed five percent of the payment. An owner or
 1.15 owner's agent may reduce the amount of retainage and may eliminate retainage on any
 1.16 monthly contract payment if, in the owner's opinion, the work is progressing satisfactorily.

1.17 (c) This subdivision does not apply to contracts for professional services as defined
 1.18 in sections 326.02 to 326.15.

1.19 **EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2016,
 1.20 and applies to contracts entered into on or after that date.