

New requirements on retainage and release, effective October 1, 2009

For public improvement contracts over \$35,000 and completed after September 30, 2009, **public agencies must not pay any retained funds to the contractor until the Department of Labor & Industries (L&I) has approved the *release*, or payment.**

When you receive L&I's approval, you may pay retained funds according to the instructions provided by L&I.

What changed?

The 2009 Legislature added industrial insurance to the retainage and release laws for public works projects. The change was made to help combat the underground economy.

For projects greater than \$35,000, L&I must certify that contractors have paid their industrial insurance premiums before public agencies can release the retained 5 percent of the contract amount.¹ The departments of Revenue and Employment Security already use a similar process to collect debt owed to the state.

If premiums are unpaid, L&I can collect the debt from the retained amount. If additional debt remains, public agencies letting the contracts could be liable for unpaid premiums.

How can we get L&I's approval for release of retained funds?

Immediately after acceptance of work, complete L&I form, "Notice of Completion of Public Works Contract" [F215-038-000] and submit it to L&I for review and approval. A copy of the form is enclosed. The form is also available at www.Lni.wa.gov/FormPub.

Mail: Department of Labor & Industries
Contract Release
PO Box 44274
Olympia, WA 98504-4274

Fax: 360-902-6897

E-mail: ContractRelease@Lni.wa.gov

Can we complete this process online?

Not yet. For now, L&I will review your forms manually. An effort is underway to create an online process that will make it easier for you to do business with us. When the online process is ready, we'll notify you.

Questions?

More information is available online at www.Fraud.Lni.wa.gov under Education & Training.

If you have questions, you may also contact L&I directly:

Phone: 360-902-5759

E-mail: ContractRelease@Lni.wa.gov

¹ House Bill 1555