

By Mr. Manning of Milton, petition of M. Joseph Manning relative to expediting payments to contractors furnishing labor or labor and materials to subcontractors and improving the flow of funds in the construction industry. State Administration.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Three.

AN ACT EXPEDITING PAYMENTS TO CONTRACTORS FURNISHING LABOR OR LABOR AND MATERIALS TO SUBCONTRACTORS AND IMPROVING THE FLOW OF FUNDS IN THE CONSTRUCTION INDUSTRY.

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. Chapter 30 of the General Laws as amended by
2 chapter 774 of the acts of 1972 is hereby further amended by adding
3 the following at the end of paragraph (1) (a) of section 39F: —

4 After the subcontractor receives payment on account of a
5 periodic estimate, the subcontractor shall pay forthwith each sub-
6 subcontractor listed in the specifications the amount paid for the
7 labor performed and the materials furnished by that sub-sub-
8 contractor, less any amount specified in any court proceedings
9 barring such payment and less any amount claimed due from the
10 sub-subcontractor by the subcontractor and the general con-
11 tractor.

1 SECTION 2. Chapter 30 of the General Laws as amended by
2 chapter 774 of the acts of 1972 is hereby further amended by adding
3 the following at the end of paragraph (1) (b) of Section 39F: —

4 After the subcontractor receives payment on account of the
5 entire balance due under this subcontract, the subcontractor shall
6 pay, forthwith, the entire balance due each sub-subcontractor
7 listed in the specifications less any amount specified in any court
8 proceedings barring such payment and less any amount claimed
9 due from the sub-subcontractor by the sub-contractor and the gen-
10 eral contractor.

1 SECTION 3. Chapter 30 of the General Laws as amended by
2 chapter 774 of the acts of 1972 is hereby further amended by
3 striking out the first sentence of paragraph (1) (c) and inserting in
4 place thereof the following: —

5 Each payment made by the awarding authority to the general
6 contractor, and each payment made by the general contractor to
7 the subcontractor pursuant to subparagraphs (a) and (b) of this
8 paragraph for the labor performed and materials furnished by the
9 subcontractor and the sub-subcontractor, shall be made to that
10 general contractor for the account of that subcontractor and to
11 that subcontractor for the account of that sub-subcontractor listed
12 in the specifications and the awarding authority shall take
13 reasonable steps to compel the general contractor to make each
14 such payment to each such subcontractor and the general con-
15 tractor shall take reasonable steps to see that payments made to the
16 subcontractor for the account of a sub-subcontractor listed in the
17 specifications are made to said sub-subcontractor. The general
18 contractor may issue checks made out jointly to the subcontractor
19 and the sub-subcontractor. All such joint payments shall discharge
20 the obligation of the awarding authority and the general contractor
21 to the extent of such payment. If the awarding authority has
22 received a demand for direct payment from a subcontractor for any
23 amount which has already been included in a payment to the
24 general contractor, or which is to be included in a payment to the
25 general contractor for payment to the subcontractor, as provided
26 in subparagraphs (a) and (b), the awarding authority shall act upon
27 the demand as provided in this section.