



Senate Bill 178

Title of Issue: Public Construction Bond Act - Retainage

ISACO Position: Oppose

To: Senate Judiciary Committee

Date: March 8, 2021

From: Joe McCoy, Executive Director
Illinois State Association of Counties

The Illinois State Association of Counties (ISACO) respectfully opposes SB 178.

The legislation would prohibit local governments from choosing to withhold retainage from a contractor performing a public works project if the contractor furnishes a surety bond or bond substitute as required by law.

The option to utilize retainage is the simplest and most-efficient method for local governments to ensure that a contractor will complete a job or that cash will be available to allocate toward finishing the project according to pre-established specifications. A surety bond involves a third-party in the form of an insurance company that would conduct an investigation to determine if a claim on behalf of a local government for funds to complete an unfinished project is warranted. This process can take time and allows the insurance company, rather than the local government, to make the determination about the completeness of a project and the release of funds for that purpose.

ISACO opposes the legislation for this reason.