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# A BILL FOR AN ACT

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RELATING TO RETAINAGE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Section 103-32.1, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3       "(c) Any public contract may include a provision for the  
4 retainage of a portion of the total project budget from the  
5 amount due under the contract to the contractor to ensure the  
6 proper performance of the contract; provided that:

7       (1) The sum withheld by the procurement officer from the  
8 contractor shall not exceed [five] \_\_\_\_ per cent of the  
9 total [~~amount due the contractor and that, after fifty~~  
10 ~~per cent of the contract is completed and progress is~~  
11 ~~satisfactory, no additional sum shall be withheld;~~  
12 ~~provided further that if progress is not satisfactory,~~  
13 ~~the procurement officer may continue to withhold, as~~  
14 ~~retainage, sums not exceeding five \_\_\_\_\_ per cent of~~  
15 ~~the amount due the contractor; and]~~ total project  
16 budget;



(2) The retainage shall not include sums deducted as liquidated damages from moneys due or that may become due the contractor under the contract~~[.]~~; and

(3) The sum withheld by the procurement officer from the contractor shall be paid to the contractor no later than \_\_\_\_\_ days after one hundred per cent of the contract, including any contract amendments or supplementary contracts, is completed and satisfactory; provided that the contract shall not be deemed completed until all certificates and inspections are also completed and satisfactory and all contractor warranty periods have been completed.

For the purposes of this subsection, "total project budget" means the contract amount which may be increased or decreased through contract amendments and supplementary contracts."

SECTION 2. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.



1           SECTION 4. This Act shall take effect January 1, 2491; and  
2 shall apply to all public contracts executed on or after  
3 January 1, 2026.



**Report Title:**

Retainage Fees; Contractors; Public Contracts

**Description:**

Allows procurement officers to withhold a retainage fee from the total budget from contractors to ensure satisfactory project completion. Requires the retainage fee to be paid to contractors within a certain number of days of project completion. Applies to public contracts executed on or after 1/1/2026. Effective 1/1/2491. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

