
A BILL FOR AN ACT

RELATING TO SUBCONTRACTORS.

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

SECTION 1. Chapter 444, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§444- Payments to subcontractors. (a)

Notwithstanding any law to the contrary, a contractor shall pay a subcontractor within thirty days of receiving an invoice for the services rendered by the subcontractor, unless otherwise agreed upon in writing.

(b) If a contractor fails to pay a subcontractor within forty-five days of the invoice date, the contractor shall incur compounding interest on the total amount due to the subcontractor, at a rate of two percent per week.

(c) Each contractor shall ensure that timely payment is received from the owner, municipality, or financial institution responsible for funding the project; provided that if a payment to the contractor is delayed or withheld, the contractor shall not delay or withhold payment to the subcontractor.



1 (d) Any retention amounts withheld from a subcontractor's
2 payment shall be paid promptly to the subcontractor upon the
3 successful completion of the project and resolution of all
4 contractual obligations.

5 (e) Each contractor shall carry subcontractor default
6 insurance.

7 (f) Each subcontractor shall guarantee the subcontractor's
8 work.

9 (g) A subcontractor may pursue a civil claim against a
10 contractor who violates this section. If a subcontractor
11 prevails in a civil action to recover a late payment, the
12 contractor shall also be responsible for paying, in addition to
13 the payment owed:

14 (1) All reasonable attorney fees incurred by the
15 subcontractor;

16 (2) Any fees or financial penalties that the subcontractor
17 incurred as a direct result of the late payment; and

18 (3) The accrued interest on any loans that the
19 subcontractor was unable to repay due to the delayed
20 payment;



provided that the subcontractor shall provide documentation of
all costs incurred.

(h) For purposes of this section:

"Retention" means a portion of the contract price withheld
until the completion of the project to ensure the
subcontractor's satisfactory performance.

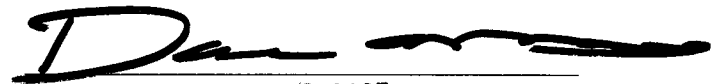
"Subcontractor" means a person or entity that is contracted
by a contractor to perform specific tasks or to provide
materials for a construction project."

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. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY:



JAN 16 2025



H.B. NO. 274

Report Title:

Contractor; Subcontractor; Timely Payment; Penalties

Description:

Requires a contractor to pay a subcontractor within 30 days of receiving an invoice for services rendered. Provides penalties for delayed or withheld payments.

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

