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11	Representative(s) J. Miller, Brown, and Ogles offered the
12	following:
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14	Amendment (with title amendment)
15	On page 1, line 21 of the bill
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17	insert:
18	Section 1. Subsections (2), (5), and (7) of section
19	218.72, Florida Statutes, are amended, and subsections (8) and
20	(9) are added to said section, to read:
21	218.72 DefinitionsAs used in this part:
22	(2) "Local governmental entity" means a county or
23	municipal government, school board, school district,
24	authority, special taxing district, other political
25	subdivision, community college, or any office, board, bureau,
26	commission, department, branch, division, or institution
27	thereof or any project supported by county or municipal funds.
28	(5) "Purchase" means the purchase of goods <u>,</u> or
29	services, or construction services, the purchase or lease of
30	personal property, or the lease of real property by a local
31	governmental entity.

1	(7) "Construction services" means all <u>labor, services,</u>
2	and materials provided performed in connection with the
3	construction, alteration, repair, demolition, reconstruction,
4	or any other improvements to real property that require a
5	license under parts I and II of chapter 489.
6	(8) "Payment request" means a request for payment for
7	construction services which conforms with all statutory
8	requirements and with all requirements specified by the local
9	governmental entity to which the payment request is submitted
10	<u>if:</u>
11	(a) Such requirements have been adopted by formal
12	action of the local governmental entity taken prior to the
13	transaction to which the payment request applies.
14	(b) The local governmental entity made such
15	requirements available to vendors.
16	(9) "Agent" means project architect, project engineer,
17	or any other agency or person acting on behalf of the local
18	governmental entity.
19	Section 2. Section 218.73, Florida Statutes, is
20	amended to read:
21	218.73 Timely payment for nonconstruction
22	servicesThe time at which payment is due for a purchase
23	other than construction services by a local governmental
24	entity, except for the purchase of construction services, is
25	due must be calculated from:
26	(1) The date on which a proper invoice is received by
27	the chief disbursement officer of the local governmental
28	entity after approval by the governing body, if required; or

governmental entity, the date:

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(2) If a proper invoice is not received by the local

(a) On which delivery of personal property is accepted

by the local governmental entity;

- (b) On which services are completed;
- (c) On which the rental period begins; or
- (d) On which the local governmental entity and vendor agree in a contract that provides dates relative to payment periods;

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whichever date is latest.

Section 3. Section 218.735, Florida Statutes, is amended to read:

218.735 Timely payment for purchases of construction services.--

- (1) The due date for payment for the purchase of construction services by a local governmental entity is determined as follows:
- engineer must approve the <u>payment request or</u> invoice prior to the <u>payment request or</u> invoice being submitted to the local governmental entity, payment is due <u>25</u> 20 20 business days after the date on which the <u>payment request or</u> architect or engineer approves the invoice and the invoice is stamped as received as provided in s. 218.74(1).
- (b) If <u>an agent</u> the project architect or project engineer need not approve the <u>payment request or</u> invoice which is submitted by the contractor, payment is due 20 business days after the date on which the <u>payment request or</u> invoice is stamped as received as provided in s. 218.74(1).
- (2) The local governmental entity may reject the <u>payment request or</u> invoice within 20 business days after the date on which the <u>payment request or</u> invoice is stamped as received as provided in s. 218.74(1). The rejection must be

written and must specify the deficiency in the <u>payment request</u> <u>or</u> invoice and the action necessary to make the <u>payment</u> request or invoice proper.

- (3) If <u>a payment request or</u> an invoice is rejected under subsection (2) or this subsection and the contractor submits a corrected <u>payment request or</u> invoice <u>which corrects</u> the deficiency specified in writing by the local governmental <u>entity</u>, the corrected <u>payment request or</u> invoice must be paid or rejected on the later of:
- (a) Ten business days after the date the corrected payment request or invoice is stamped as received as provided in s. 218.74(1); or
- (b) If the governing body is required by ordinance, charter, or other law to approve or reject the corrected payment request or invoice, the first business day after the next regularly scheduled meeting of the governing body held after the corrected payment request or invoice is stamped as received as provided in s. 218.74(1).
- (4) If a dispute between the local governmental entity and the contractor cannot be resolved by the procedure in subsection (3), the dispute must be resolved in accordance with the dispute resolution procedure prescribed in the construction contract or in any applicable ordinance. In the absence of a prescribed procedure, the dispute must be resolved by the procedure specified in s. 218.76(2).
- of a payment request or an invoice, the undisputed portion shall be paid timely, in accordance with subsection (1). The payment time periods provided in this section for construction services purchased by a local governmental entity shall not affect contractual provisions or contractual covenants of a

local governmental entity in effect on September 30, 1995. 1 2 (6) When a contractor receives payment from a local governmental entity for labor, services, or materials 3 4 furnished by subcontractors and suppliers hired by the 5 contractor, the contractor shall remit payment due to those subcontractors and suppliers within 15 days after the 6 7 contractor's receipt of payment. When a subcontractor 8 receives payment from a contractor for labor, services, or materials furnished by subcontractors and suppliers hired by 9 10 the subcontractor, the subcontractor shall remit payment due to those subcontractors and suppliers within 15 days after the 11 12 subcontractor's receipt of payment. Nothing herein shall 13 prohibit a contractor or subcontractor from disputing, pursuant to the terms of the relevant contract, all or any 14 15 portion of a payment alleged to be due to another party. the event of such a dispute, the contractor or subcontractor 16 17 may withhold the disputed portion of any such payment but the 18 undisputed portion must be remitted within the time limits 19 imposed by this subsection. 20 (7) All payments due under this section from a local governmental entity and not made within the time periods 21 22 period specified by this section shall bear interest at the rate of 1 percent per month, or the rate specified by 23 24 contract, whichever is greater as specified in s. 218.74(4). 25 Section 4. Section 218.74, Florida Statutes, is amended to read: 26 27 218.74 Procedures for calculation of payment due 28 dates.--29 (1) Each local governmental entity shall establish 30 procedures whereby each payment request or invoice received by 31 the local governmental entity is marked as received on the

date on which it is delivered to an agent or employee of the local governmental entity or of a facility or office of the local governmental entity.

- (2) The payment due date for a local governmental entity for the purchase of goods or services other than construction services is 45 days after the date specified in s. 218.73. The payment due date for the purchase of construction services is specified in s. 218.735.
- (3) If the terms under which a purchase is made allow for partial deliveries and a payment request or proper invoice is submitted for a partial delivery, the time for payment for the partial delivery must be calculated from the time of the partial delivery and the submission of the payment request or invoice in the same manner as provided in s. 218.73 or s. 218.735.
- (4) All payments, other than payments for construction services, due from a local governmental entity and not made within the time specified by this section bear interest from 30 days after the due date at the rate of 1 percent per month on the unpaid balance. The vendor must invoice the local governmental entity for any interest accrued in order to receive the interest payment. Any overdue period of less than 1 month is considered as 1 month in computing interest. Unpaid interest is compounded monthly. With respect to each past due payment, interest ceases to accrue after interest on that payment has accrued for 12 months. For the purposes of this section, the term "1 month" means a period beginning on any day of one month and ending on the same day of the following month.

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218.75 Mandatory interest.--No contract between a local governmental entity and a vendor or a provider of construction services shall prohibit the collection of vendor from invoicing the local governmental entity for late payment interest charges allowable under this part.

Section 6. Section 218.76, Florida Statutes, is amended to read:

- 218.76 Improper <u>payment request or</u> invoice; resolution of disputes.--
- or invoice is submitted by a vendor, the local governmental entity shall, within 10 days after the improper payment request or invoice is received by it, notify the vendor that the payment request or invoice is improper and indicate what corrective action on the part of the vendor is needed to make the payment request or invoice proper.
- (2) In the event a dispute occurs between a vendor and a local governmental entity concerning payment of a payment request or an invoice, such disagreement shall be finally determined by the local governmental entity as provided in this section. Each local governmental entity shall establish a dispute resolution procedure to be followed by the local governmental entity in cases of such disputes. Such procedure shall provide that proceedings to resolve the dispute shall be commenced not later than 45 days after the date on which the payment request or proper invoice was received by the local governmental entity and shall be concluded by final decision of the local governmental entity not later than 60 days after the date on which the payment request or proper invoice was received by the local governmental entity. Such procedures shall not be subject to chapter 120, and such procedures shall

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not constitute an administrative proceeding which prohibits a court from deciding de novo any action arising out of the dispute. If the dispute is resolved in favor of the local governmental entity, then interest charges shall begin to accrue 10 15 days after the local governmental entity's final If the dispute is resolved in favor of the vendor, then interest shall begin to accrue as of the original date the payment became due.

(3) In an action to recover amounts due under s. 218.70-218.80, the prevailing party shall be entitled to recover court costs and attorney's fees at trial and on appeal.

Section 7. Paragraph (a) of subsection (1) and paragraph (a) of subsection (2) of section 255.05, Florida Statutes, are amended to read:

255.05 Bond of contractor constructing public buildings; form; action by materialmen. --

(1)(a) Any person entering into a formal contract with the state or any county, city, or political subdivision thereof, or other public authority, for the construction of a public building, for the prosecution and completion of a public work, or for repairs upon a public building or public work shall be required, before commencing the work or before recommencing the work after a default or abandonment, to execute, deliver to the public owner, and record in the public records of the county where the improvement is located, a payment and performance bond with a surety insurer authorized to do business in this state as surety. The bond must state on its front page: the name, principal business address, and phone number of the contractor, the surety, the owner of the property being improved, and, if different from the owner, the

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contracting public entity; the contract number assigned by the contracting public entity; and a description of the project sufficient to identify it, such as including, if applicable, a legal description or and the street address of the property being improved, and a general description of the improvement. Such bond shall be conditioned solely upon the contractor's performance of the construction work that the contractor perform the contract in the time and manner prescribed in the contract and the contractor's prompt payment promptly make payments to all persons defined in s. 713.01 who furnished labor, services, or materials for whose claims derive directly or indirectly from the prosecution of the work provided for in the contract. Any claimant may apply to the governmental entity having charge of the work for copies of the contract and bond and shall thereupon be furnished with a certified copy of the contract and bond. The claimant shall have a right of action against the contractor and surety for the amount due him or her, including unpaid finance charges due under the claimant's contract. Such action shall not involve the public authority in any expense. When such work is done for the state and the contract is for \$100,000 or less, no payment and performance bond shall be required. At the discretion of the official or board awarding such contract when such work is done for any county, city, political subdivision, or public authority, any person entering into such a contract which is for \$200,000 or less may be exempted from executing the payment and performance bond. When such work is done for the state, the Secretary of the Department of Management Services may delegate to state agencies the authority to exempt any person entering into such a contract amounting to more than \$100,000 but less than \$200,000 from executing the payment and

performance bond. In the event such exemption is granted, the 1 2 officer or officials shall not be personally liable to persons 3 suffering loss because of granting such exemption. The 4 Department of Management Services shall maintain information 5 on the number of requests by state agencies for delegation of authority to waive the bond requirements by agency and project 6 7 number and whether any request for delegation was denied and 8 the justification for the denial. 9 (2)(a)1. If a claimant is no longer furnishing labor, 10 services, or materials on a project, a contractor or the 11 contractor's agent or attorney may elect to shorten the 12 prescribed time in this paragraph within which an action to 13 enforce any claim against a payment bond provided pursuant to 14 this section may be commenced by recording in the clerk's 15 office a notice in substantially the following form: 16 17 NOTICE OF CONTEST OF CLAIM AGAINST PAYMENT BOND 18 19 20 To: ...(Name and address of claimant)... 21 22 You are notified that the undersigned contests your 23 notice of nonpayment, dated, and served 24 on the undersigned on, and that the 25 time within which you may file suit to enforce your claim is limited to 60 days after the date of service of this notice. 26 27 28 DATED on 29 30 Signed:...(Contractor or Attorney)...

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The claim of any claimant upon whom such notice is served and who fails to institute a suit to enforce his or her claim against the payment bond within 60 days after service of such notice shall be extinguished automatically. The clerk shall mail a copy of the notice of contest to the claimant at the address shown in the notice of nonpayment or most recent amendment thereto and shall certify to such service on the face of such notice and record the notice. Service is complete upon mailing.

2. A claimant, except a laborer, who is not in privity with the contractor shall, before commencing or not later than 45 days after commencing to furnish labor, materials, or supplies for the prosecution of the work, furnish the contractor with a notice that he or she intends to look to the bond for protection. A claimant who is not in privity with the contractor and who has not received payment for his or her labor, materials, or supplies shall deliver to the contractor and to the surety written notice of the performance of the labor or delivery of the materials or supplies and of the nonpayment. The notice of nonpayment may be served at any time during the progress of the work or thereafter but not before 45 days after the first furnishing of labor, services, or materials, and not later than 90 days after the final furnishing of the labor, services, or materials by the claimant or, with respect to rental equipment, not later than 90 days after the date that the rental equipment was last on the job site available for use. No action for the labor, materials, or supplies may be instituted against the contractor or the surety unless both notices have been given.

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Notices required or permitted under this section may be served 2 in accordance with s. 713.18. An action, except for an action 3 exclusively for recovery of retainage, must be instituted against the contractor or the surety on the payment bond or the payment provisions of a combined payment and performance bond within 1 year after the performance of the labor or completion of delivery of the materials or supplies. An action exclusively for recovery of retainage must be instituted against the contractor or the surety within 1 year after the 10 performance of the labor or completion of delivery of the materials or supplies, or within 90 days after the 11 12 contractor's receipt of final payment (or the payment estimate 13 containing the owner's final reconciliation of quantities if 14 no further payment is earned and due as a result of deductive 15 adjustments) by the contractor or surety, whichever comes last. A claimant may not waive in advance his or her right to 16 bring an action under the bond against the surety. In any action brought to enforce a claim against a payment bond under 18 this section, the prevailing party is entitled to recover a 19 20 reasonable fee for the services of his or her attorney for trial and appeal or for arbitration, in an amount to be 21 determined by the court, which fee must be taxed as part of 22 the prevailing party's costs, as allowed in equitable actions. 23 24 The time periods for service of a notice of nonpayment or for 25 bringing an action against a contractor or a surety shall be measured from the last day of furnishing labor, services, or 26 27 materials by the claimant and shall not be measured by other standards, such as the issuance of a certificate of occupancy 28 or the issuance of a certificate of substantial completion. 29 30 Section 8. Effective upon this act becoming a law, the

Office of Program Policy Analysis and Government

Accountability (OPPAGA), in consultation with the Legislative Committee on Intergovernmental Relations, shall:

- (1) Conduct a study of construction retainage methods for public and private construction within the state of Florida. OPPAGA shall examine all relevant information, including, but not limited to the following:
- (a) Information from various state and local governmental entities, public universities, and community colleges within the state of Florida.
- (b) Information from the federal government and other states who have addressed construction payment or retainage issues, including states that are of comparable size to the state of Florida or that have a comparable amount of public or private construction activity as the state of Florida.
- (c) Information from public and private owners, general contractors, subcontractors, material suppliers, construction managers, design-build professionals, architects, and engineers.
- (d) Information from lenders and surety companies who are involved in public and private construction.
- (2) Draw conclusions and make recommendations, as appropriate, with regard to the following issues:
- (a) Whether the state should adopt new laws or modify existing laws to address the specific issues set forth below, and whether any existing statutes will require modification or repeal.
- (b) The positive and negative impacts of the current systems of retainage being utilized throughout the state as applied to public sector and private sector construction contracts, and as between owners and contractors, between contractors and subcontractors, and between subcontractors and

1	subcontractor.
2	(c) Whether the traditional 10 percent retainage
3	practice in construction is equitable and whether there are
4	viable alternatives to this practice.
5	(d) What may be an appropriate percentage of retainage
6	to be held on all construction projects.
7	(e) What the purposes of retainage are for
8	construction projects.
9	(f) Whether it is appropriate to hold all retainage
10	until the end of a construction project or whether periodic
11	release of retainage or release of retainage for specific
12	divisions of work on a construction project is appropriate and
13	reasonably manageable.
14	(g) What protections are currently in place for owners
15	to insure that construction projects are progressing in a
16	satisfactory manner, including, but not limited to, project
17	management techniques, periodic inspections, services of
18	project architects and engineers, and whether those
19	protections are being adequately and properly utilized.
20	(h) What protections are currently in place or could
21	be adopted for owners, contractors, and subcontractors through
22	the utilization of construction payment and performance bonds.
23	(i) Whether the documentation required for

- (i) Whether the documentation required for construction projects contributes to delays in progress payments, final payments, and release of retainage; whether such requirements could be simplified or standardized to streamline the process; and whether it is appropriate for the Legislature to address this issue.
- (j) Whether the Legislature should limit the percentage of retainage that can be held on public and private construction projects.

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1	(k) Whether the Legislature should provide for
2	periodic release of retainage on public and private
3	construction projects.
4	(1) Whether the Legislature should establish
5	requirements and time limits for owners and contractors to
6	release final payment and retainage on all construction
7	projects.
8	(3) OPPAGA shall present a report of its findings and
9	recommendations to the President of the Senate, the Speaker of
10	the House of Representatives, minority leaders of the Senate
11	and House of Representatives, and chairs of the House Business
12	Regulation & Consumer Affairs Committee and the Senate
13	Regulated Industries Committee by January 1, 2001.
14	Section 9. Sections amending sections 218.72, 218.73,
15	218.735, 218.74, 218.75, 218.76, and 255.05, F.S., shall take
16	effect July 1, 2000, and shall apply to construction contracts
17	entered into on or after July 1, 2000.
18	Section 10. Subsection (1) of section 399.061, Florida
19	Statutes, is amended to read:
20	399.061 Inspections; correction of deficiencies
21	(1)(a) $\overline{\text{All}}$ For those elevators subject to this chapter
22	must be inspected pursuant to s. 399.13, by a third-party
23	inspector certified as a Qualified Elevator Inspector, or
24	maintained pursuant to a service maintenance contract
25	continuously in force. A statement verifying the existence,
26	performance, and cancellation of each service maintenance
27	contract must be filed annually with the division as
28	prescribed by rule. All elevators for which a service
29	maintenance contract is not continuously in force, the
30	division shall inspect such elevators at least once between
31	July 1 of any year and June 30 of the next year, the state's

fiscal year.

(b) When a service maintenance contract is continuously maintained with an elevator company, the division shall verify with the elevator company before the end of each fiscal year that the contract is in force and is being implemented. An elevator inspected by a Qualified Elevator Inspector shall be inspected annually, and all elevators covered by such a service maintenance contract shall be inspected by a certificate of competency holder state elevator inspector at least once every 2 fiscal years; however, if the elevator is not an escalator or a dumbwaiter and the elevator serves only two adjacent floors and is covered by a service maintenance contract, no inspection shall be required so long as the service contract remains in effect.

 $\underline{\text{(b)}(c)}$ The division may inspect an elevator whenever necessary to ensure its safe operation.

Section 11. Effective January 1, 2001, subsection (1) of section 399.13, Florida Statutes, is amended to read:

- 399.13 Delegation of authority to municipalities or counties.--
- (1) The division may enter into contracts with municipalities or counties under which such municipalities or counties will issue construction permits, temporary operation permits, and certificates of operation; will provide inspection of elevators; and will enforce the applicable provisions of the Florida Building Elevator Safety Code, as required by this chapter. Each such agreement shall include a provision that the municipality or county shall maintain for inspection by the division copies of all applications for permits issued, a copy of each inspection report issued, and proper records showing the number of certificates of operation

issued; shall include a provision that each required inspection be conducted by the holder of a certificate of competency issued by the division; and may include such other provisions as the division deems necessary.

Section 12. Subsections (2) and (6) of section 468.603, Florida Statutes, are amended, and subsection (8) is added to said section, to read:

468.603 Definitions.--As used in this part:

- (2) "Building code inspector" or "inspector"means any of those employees of local governments or state agencies with building construction regulation responsibilities who themselves conduct inspections of building construction, erection, repair, addition, or alteration projects that require permitting indicating compliance with building, plumbing, mechanical, electrical, gas, fire prevention, energy, accessibility, and other construction codes as required by state law or municipal or county ordinance.
- (6) "Categories of building $\underline{\text{code}}$ inspectors" include the following:
- (a) "Building inspector" means a person who is qualified to inspect and determine that buildings and structures are constructed in accordance with the provisions of the governing building codes and state accessibility laws.
- (b) "Coastal construction inspector" means a person who is qualified to inspect and determine that buildings and structures are constructed to resist near-hurricane and hurricane velocity winds in accordance with the provisions of the governing building code.
- (c) "Commercial electrical inspector" means a person who is qualified to inspect and determine the electrical safety of commercial buildings and structures by inspecting

for compliance with the provisions of the National Electrical Code.

- (d) "Residential electrical inspector" means a person who is qualified to inspect and determine the electrical safety of one and two family dwellings and accessory structures by inspecting for compliance with the applicable provisions of the governing electrical code.
- (e) "Mechanical inspector" means a person who is qualified to inspect and determine that the mechanical installations and systems for buildings and structures are in compliance with the provisions of the governing mechanical code.
- (f) "Plumbing inspector" means a person who is qualified to inspect and determine that the plumbing installations and systems for buildings and structures are in compliance with the provisions of the governing plumbing code.
- (g) "One and two family dwelling inspector" means a person who is qualified to inspect and determine that one and two family dwellings and accessory structures are constructed in accordance with the provisions of the governing building, plumbing, mechanical, accessibility, and electrical codes.
- (h) "Electrical inspector" means a person who is qualified to inspect and determine the electrical safety of commercial and residential buildings and accessory structures by inspecting for compliance with the provisions of the National Electrical Code.
- (8) "Building code enforcement official" or "enforcement official" means a licensed building code administrator, building code inspector, or plans examiner.

======= T I T L E A M E N D M E N T ======== 1 2 And the title is amended as follows: 3 On page 1, lines 2 and 3 4 remove from the title of the bill: all of said lines 5 6 and insert in lieu thereof: 7 An act relating to construction; amending s. 8 218.72, F.S.; redefining the terms "local government entity, " "purchase, " and 9 10 "construction services" and defining the terms "payment request" and "agent" for the purpose 11 12 of the Florida Prompt Payment Act; amending s. 13 218.73, F.S.; providing for timely payment for 14 nonconstruction services; amending s. 218.735, 15 F.S.; revising language with respect to timely payment for purchases of construction services; 16 17 amending s. 218.74, F.S.; revising language with respect to procedures for calculation of 18 payment due dates; amending s. 218.75, F.S.; 19 20 revising language with respect to mandatory interest; amending s. 218.76, F.S.; revising 21 language with respect to improper invoices and 22 resolution of disputes; providing for the 23 24 recovery of court costs and attorney's fees 25 under certain circumstances; amending s. 255.05, F.S.; revising language with respect to 26 27 the bond of a contractor constructing public buildings; requiring the Office of Program 28 29 Policy Analysis and Government Accountability, 30 in consultation with the Legislative Committee on Intergovernmental Relations, to conduct a 31

Amendment No. $\underline{01}$ (for drafter's use only)

1	study of construction retainage methods;
2	specifying areas to be examined; requiring
3	study conclusions and recommendations;
4	amending s. 399.061, F.S.; privatizing elevator
5	inspection services; amending s. 399.13, F.S.;
6	correcting a reference with regard to the
7	inspection code; amending s. 468.603, F.S.;
8	redefining "building code inspector" and
9	"categories of building inspectors" and
10	defining "building code enforcement official";
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