CHAPTER 29

PUBLIC IMPROVEMENT CONTRACTS — FEE RETENTION

S.F. 574

AN ACT relating to retention of fees for public improvement contracts.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 573.12, subsection 1, paragraphs a and b, Code 2025, are amended to read as follows:

a. Payments made under contracts for the construction of public improvements, unless provided otherwise by law, shall be made on the basis of monthly estimates of labor performed and material delivered, as determined by the project architect or engineer. The public corporation shall retain from each monthly payment not more than ~~five~~ three percent of that amount ~~which~~ that is determined to be due according to the estimate of the architect or engineer.

b. The contractor may retain from each payment to a subcontractor not more than the lesser of ~~five~~ three percent or the amount specified in the contract between the contractor and the subcontractor.

Sec. 2. Section 573.13, Code 2025, is amended to read as follows:

573.13 Inviolability and disposition of fund.

A public corporation shall not be permitted to plead noncompliance with section 573.12 and the retained percentage of the contract price, which in no case shall be more than ~~five~~ three percent, constitutes a fund for the payment of claims for materials furnished and labor performed on the improvement and shall be held and disposed of by the public corporation as provided in this chapter.

Approved April 25, 2025