

Subject Building and construction contracts

Authors Scott and others

Analyst Colbey Sullivan

Date March 12, 2025

Overview

This bill modifies existing requirements for building and construction contracts for the improvement of real property (i.e., real estate), highways, roads, and bridges.

H.F. 1234 provides that any contract, management system, or procedure that restricts, delays, or prohibits a party to the contract from submitting invoices is contrary to public policy and unenforceable. It also requires the state and local governments to provide notification to each of a project's contractors and subcontractors when issuing a preliminary or final project payment.

Sections 1 and 2 are specific to state and local government contracts. Section 3 is coded in Minnesota Statutes, chapter 337, and applies to nongovernmental building and construction projects.

Summary

Section	Description
---------	-------------

1	Retainage.
---	-------------------

	Provides that in the context of state or local construction contracts for the improvement of real property or highways, any contract, management system, or procedure that restricts, delays, or prohibits a party from submitting an invoice is contrary to public policy and void and unenforceable.
--	--

2	Notification to contractors and subcontractors of payment.
---	---

	Requires the state and local units of government to notify all contractors and subcontractors for a real property or highway improvement project of any progress payment, retainage payment, final payment, or other payment within three business days of making the payment. Prohibits the state and local governments from charging a contractor or subcontractor for this notice.
--	---

Section	Description
3	<p data-bbox="316 262 779 294">Progress payments and retainages.</p> <p data-bbox="316 304 1421 457">Provides that in the context of real property and highway improvement projects generally, any contract, management system, or procedure that restricts, delays, or prohibits a party from submitting an invoice is contrary to public policy and void and unenforceable.</p>



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155