

AB 2173 - State Permanently Limits Retention to 5% for Public Works Projects

AB 2173 permanently limits public agencies to withholding only 5% in retention from a general contractor's public works contract. Previously, Public Contract Code sections 7201 and 10261's 5% limit on retention for public works contract was set to expire on January 1, 2023. This bill eliminated that sunset provision and made the 5% retention limit permanent. This change in law does not impact a public agency from requesting an additional 5% in retention for complex public works projects pursuant to Public Contract Code section 7201 (b)(3). This bill becomes effective January 1, 2023.

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