



# **NORTHERN CALIFORNIA CONTRACTORS ASSOCIATION**

July 14, 2025

## **Governor Newsom Signs SB 61 – 5% Cap on Private Construction Retention Now State Law**

We are proud to announce that Governor Gavin Newsom recently signed SB 61 (Cortese) into law, industry sponsored legislation that establishes a 5% cap on retention for private construction projects in California.

Effective January 1, 2026, the new law will apply to contracts for private works of improvement entered into on or after that date.

SB 61 represents a significant victory for contractors statewide, directly addressing the chronic cash flow challenges caused by excessive retention withholding on private construction. By aligning private sector retention practices with the existing 5% cap on public works, this law brings greater financial stability and predictability to California's construction industry.

We extend our sincere appreciation to all the contractors, association leaders, and staff who contacted their elected officials and the Governor in support of SB 61. Your advocacy was instrumental in securing this legislative win.

A special thank you goes to Senator Dave Cortese and his dedicated staff for their leadership and tireless commitment to advancing this critical reform.