



Re: Suggested Tax Savings Clause added to Owner and Contractor Agreement.

The Guaranteed Maximum Price (Lump Sum or Stipulated Sum) includes a sales tax reduction allowance of \$_____. Owner shall purchase directly from and shall pay directly to the supplier for all major materials, equipment (to be installed), and supplies (hereinafter in this paragraph only, collectively referred to as "Materials") to be used by the contractor and/or all subcontractors for the construction of the project. The value of the Owner purchased materials (with an accounting of any sales tax reductions against the \$_____ allowance) shall be deducted from the Guaranteed Maximum Price by change orders prepared during the work of this project. The Contractor shall timely provide the Owner with a list or lists of all such materials along with a list of suppliers, which shall be required to complete the project in accordance with the terms of this contract. The listed suppliers shall not be affiliated with the contractor or subcontractor. Contractor shall receive the delivery of the materials and shall immediately report to Owner any errors, omissions, or failures of the suppliers to deliver the materials as purchase by the Owner.

Owner shall defend, indemnify, and hold Contractor and all subcontractors harmless for all sales or use tax that may be assessed by any government authority for materials purchased by the Owner in accordance with this provision of the contract.

This provision shall be specifically incorporated in all subcontracts with Subcontractors. All purchases by the Owner in accordance with this provision shall constitute a credit, for cost only, to the Owner against the Cost of the Work. Contractor's fee will not be reduced for these purchases. In the event Owner purchased materials do not generate an actual sales tax reduction equal to the sales tax reduction allowance, the Contractor shall be entitled to an increase in the Guaranteed Maximum Price by the change order equal to the amount by which the sales tax reduction allowance exceeds the actual amount of the sales tax reduction.

Notwithstanding anything herein to the contrary, the Contractor shall be fully responsible for the proper installation, Proper storage, and proper handling of any materials or equipment furnished by the Owner, in accordance with the provisions of the Contract Documents. The Contractor shall be fully responsible for any warranty work, in accordance with the provisions of the Contract Documents, required in connection with any material or equipment furnished by the Owner, in accordance with the provisions of the Contract Documents. The costs to install, handle, store and perform warranty work for the Owner furnished materials and equipment is included in the Guaranteed Maximum Price set forth in this Agreement.

Comments:

1. Substitute the reference to Guaranteed Maximum price for Lump Sum or Stipulated Sum per the type of contract selected
2. Also, edit the budgeted allowance per the contractors anticipated allowance.

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