

1 AN ACT concerning public construction.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Public Construction Bond Act is amended
5 by changing Section 1 as follows:

6 (30 ILCS 550/1) (from Ch. 29, par. 15)

7 Sec. 1. Except as otherwise provided by this Act, all
8 officials, boards, commissions or agents of this State, or of
9 any political subdivision thereof in making contracts for
10 public work of any kind costing over \$5,000 to be performed
11 for the State, or a political subdivision thereof shall
12 require every contractor for the work to furnish, supply and
13 deliver a bond to the State, or to the political subdivision
14 thereof entering into the contract, as the case may be, with
15 good and sufficient sureties. The amount of the bond shall be
16 fixed by the officials, boards, commissions, commissioners or
17 agents, and the bond, among other conditions, shall be
18 conditioned for the completion of the contract, for the
19 payment of material used in the work and for all labor
20 performed in the work, whether by subcontractor or otherwise.

21 If the contract is for emergency repairs as provided in
22 the Illinois Procurement Code, proof of payment for all
23 labor, materials, apparatus, fixtures, and machinery may be
24 furnished in lieu of the bond required by this Section.

25 Each such bond is deemed to contain the following
26 provisions whether such provisions are inserted in such bond
27 or not:

28 "The principal and sureties on this bond agree that all
29 the undertakings, covenants, terms, conditions and agreements
30 of the contract or contracts entered into between the
31 principal and the State or any political subdivision thereof

1 will be performed and fulfilled and to pay all persons, firms
2 and corporations having contracts with the principal or with
3 subcontractors, all just claims due them under the provisions
4 of such contracts for labor performed or materials furnished
5 in the performance of the contract on account of which this
6 bond is given, when such claims are not satisfied out of the
7 contract price of the contract on account of which this bond
8 is given, after final settlement between the officer, board,
9 commission or agent of the State or of any political
10 subdivision thereof and the principal has been made."

11 The surety bond required by this Section may be acquired
12 from the company, agent or broker of the contractor's choice.
13 The bond and sureties shall be subject to the right of
14 reasonable approval or disapproval, including suspension, by
15 the State or political subdivision thereof concerned. A
16 contractor shall not be required to post a cash bond or
17 letter of credit in addition to or as a substitute for the
18 surety bond required by this Section.

19 When other than motor fuel tax funds, federal-aid funds,
20 or other funds received from the State are used, a political
21 subdivision may allow the contractor to provide a
22 non-diminishing irrevocable bank letter of credit, in lieu of
23 the bond required by this Section, on contracts under
24 \$100,000 to comply with the requirements of this Section.
25 Any such bank letter of credit shall contain all provisions
26 required for bonds by this Section.

27 (Source: P.A. 91-456, eff. 8-6-99.)