

1 AN ACT concerning finance.

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 by
5 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 for
11 the State, or a political subdivision thereof shall require
12 every contractor for the work to furnish, supply and deliver a
13 bond to the State, or to the political subdivision thereof
14 entering into the contract, as the case may be, with good and
15 sufficient sureties. The amount of the bond shall be fixed by
16 the officials, boards, commissions, commissioners or agents,
17 and the bond, among other conditions, shall be conditioned for
18 the completion of the contract, for the payment of material
19 used in the work and for all labor performed in the work,
20 whether by subcontractor or otherwise.

21 If the contract is for emergency repairs as provided in the
22 Illinois Procurement Code, proof of payment for all labor,
23 materials, apparatus, fixtures, and machinery may be furnished

1 in lieu of the bond required by this Section.

2 Each such bond is deemed to contain the following
3 provisions whether such provisions are inserted in such bond or
4 not:

5 "The principal and sureties on this bond agree that all the
6 undertakings, covenants, terms, conditions and agreements of
7 the contract or contracts entered into between the principal
8 and the State or any political subdivision thereof will be
9 performed and fulfilled and to pay all persons, firms and
10 corporations having contracts with the principal or with
11 subcontractors, all just claims due them under the provisions
12 of such contracts for labor performed or materials furnished in
13 the performance of the contract on account of which this bond
14 is given, when such claims are not satisfied out of the
15 contract price of the contract on account of which this bond is
16 given, after final settlement between the officer, board,
17 commission or agent of the State or of any political
18 subdivision thereof and the principal has been made."

19 The surety bond required by this Section may be acquired
20 from the company, agent or broker of the contractor's choice.
21 The bond and sureties shall be subject to the right of
22 reasonable approval or disapproval, including suspension, by
23 the State or political subdivision thereof concerned. In the
24 case of State construction contracts, a contractor shall not be
25 required to post a cash bond or letter of credit in addition to
26 or as a substitute for the surety bond required by this

1 Section.

2 When other than motor fuel tax funds, federal-aid funds, or
3 other funds received from the State are used, a political
4 subdivision may allow the contractor to provide a
5 non-diminishing irrevocable bank letter of credit, in lieu of
6 the bond required by this Section, on contracts under \$100,000
7 to comply with the requirements of this Section. Any such bank
8 letter of credit shall contain all provisions required for
9 bonds by this Section.

10 Notwithstanding this or any other law, in order to promote
11 business competition and the stability and growth of small
12 businesses, the Capital Development Board may accept a surety
13 bond guaranteed by the federal Small Business Administration or
14 a second party bond for a public construction contract if the
15 contractor is a small business. As used in this Section,
16 "second party bond" means a bond that designates as principal,
17 guarantor, or both, a person or persons in addition to the
18 person to whom the contract is proposed for award. The Capital
19 Development Board may adopt rules to implement this Section.
20 For purposes of this Section, a small business is a
21 construction business with annual sales and receipts of no more
22 than \$27,000,000.

23 (Source: P.A. 93-221, eff. 1-1-04.)

24 Section 99. Effective date. This Act takes effect July 1,
25 2007.