



Sen. Kwame Raoul

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09500SB1511sam001

LRB095 04366 JAM 32358 a

1 AMENDMENT TO SENATE BILL 1511

2 AMENDMENT NO. _____. Amend Senate Bill 1511 by replacing
3 everything after the enacting clause with the following:

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,

1 and the bond, among other conditions, shall be conditioned for
2 the completion of the contract, for the payment of material
3 used in the work and for all labor performed in the work,
4 whether by subcontractor or otherwise.

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

9 Each such bond is deemed to contain the following
10 provisions whether such provisions are inserted in such bond or
11 not:

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

26 The surety bond required by this Section may be acquired

1 from the company, agent or broker of the contractor's choice.
2 The bond and sureties shall be subject to the right of
3 reasonable approval or disapproval, including suspension, by
4 the State or political subdivision thereof concerned. In the
5 case of State construction contracts, a contractor shall not be
6 required to post a cash bond or letter of credit in addition to
7 or as a substitute for the surety bond required by this
8 Section.

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

17 Notwithstanding this or any other law, in order to promote
18 business competition and the stability and growth of
19 minority-owned businesses and female-owned businesses, the
20 Capital Development Board may (1) require a surety bond in an
21 amount equal to half the amount otherwise required under this
22 or any other Act for a public construction contract if the
23 contractor is a minority-owned business or a female-owned
24 business or (2) reduce the surety bond required under this or
25 any other Act for a public construction contract from a
26 contractor that is not a minority-owned business or a

1 female-owned business by an amount equal to 25% of the
2 aggregate amount of all subcontracts awarded under that public
3 construction contract to minority-owned businesses and
4 female-owned businesses. The total aggregate amount of surety
5 bond reductions by the Capital Development Board under this
6 paragraph with respect to projects not yet completed may not
7 exceed \$5,000,000.

8 The Capital Development Board may adopt rules to implement
9 this Section. For the purpose of this Section, a minority-owned
10 business or female-owned business is (i) defined as in the
11 Business Enterprise for Minorities, Females, and Persons with
12 Disabilities Act, (ii) a construction business with annual
13 sales and receipts of no more than \$10,000,000, and (iii) in
14 the case of a minority-owned business or female-owned business
15 whose surety bond is reduced under this Section, otherwise a
16 small business as defined by rule of the Department of Central
17 Management Services under subsection (b) of Section 45-45 of
18 the Illinois Procurement Code.

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

20 Section 99. Effective date. This Act takes effect July 1,
21 2007."