



Sen. Kwame Raoul

**Filed: 3/26/2007**

09500SB1511sam004

LRB095 04366 JAM 34555 a

1 AMENDMENT TO SENATE BILL 1511

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1511, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

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

7 (30 ILCS 550/1) (from Ch. 29, par. 15)

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

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

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

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

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

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

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

18           Notwithstanding this or any other law, in order to promote  
19 business competition and the stability and growth of small  
20 businesses, the Capital Development Board may accept a surety  
21 bond guaranteed by the federal Small Business Administration or  
22 a second party bond for a public construction contract if the  
23 contractor is a small business. As used in this Section,  
24 "second party bond" means a bond that designates as principal,  
25 guarantor, or both, a person or persons in addition to the  
26 person to whom the contract is proposed for award. The Capital

1 Development Board may adopt rules to implement this Section.  
2 For purposes of this Section, a small business is a  
3 construction business with annual sales and receipts of no more  
4 than \$27,000,000.

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

6 Section 99. Effective date. This Act takes effect July 1,  
7 2007.".