



Adopted in House Comm. on May 28, 2008

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LRB095 14226 JAM 50198 a

1 AMENDMENT TO SENATE BILL 1890

2 AMENDMENT NO. _____. Amend Senate Bill 1890 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 \$50,000 ~~\$5,000~~ to be
11 performed for the State, and all officials, boards,
12 commissions, or agents of any political subdivision of this
13 State in making contracts for public work of any kind costing
14 over \$5,000 to be performed for the political subdivision, ~~or a~~
15 ~~political subdivision thereof~~ shall require every contractor
16 for the work to furnish, supply and deliver a bond to the

1 State, or to the political subdivision thereof entering into
2 the contract, as the case may be, with good and sufficient
3 sureties. The amount of the bond shall be fixed by the
4 officials, boards, commissions, commissioners or agents, and
5 the bond, among other conditions, shall be conditioned for the
6 completion of the contract, for the payment of material used in
7 the work and for all labor performed in the work, whether by
8 subcontractor or otherwise.

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

13 Each such bond is deemed to contain the following
14 provisions whether such provisions are inserted in such bond or
15 not:

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

1 given, after final settlement between the officer, board,
2 commission or agent of the State or of any political
3 subdivision thereof and the principal has been made.

4 Each bond securing contracts between the Capital
5 Development Board or any board of a public institution of
6 higher education and a contractor shall contain the following
7 provisions, whether the provisions are inserted in the bond or
8 not:

9 "Upon the default of the principal with respect to
10 undertakings, covenants, terms, conditions, and agreements,
11 the termination of the contractor's right to proceed with the
12 work, and written notice of that default and termination by the
13 State or any political subdivision to the surety ("Notice"),
14 the surety shall promptly remedy the default by taking one of
15 the following actions:

16 (1) The surety shall complete the work pursuant to a
17 written takeover agreement, using a completing contractor
18 jointly selected by the surety and the State or any
19 political subdivision; or

20 (2) The surety shall pay a sum of money to the obligee,
21 up to the penal sum of the bond, that represents the
22 reasonable cost to complete the work that exceeds the
23 unpaid balance of the contract sum.

24 The surety shall respond to the Notice within 15 working
25 days of receipt indicating the course of action that it intends
26 to take or advising that it requires more time to investigate

1 the default and select a course of action. If the surety
2 requires more than 15 working days to investigate the default
3 and select a course of action or if the surety elects to
4 complete the work with a completing contractor that is not
5 prepared to commence performance within 15 working days after
6 receipt of Notice, and if the State or any political
7 subdivision determines it is in the best interest of the State
8 to maintain the progress of the work, the State or any
9 political subdivision may continue to work until the completing
10 contractor is prepared to commence performance. Unless
11 otherwise agreed to by the procuring agency, in no case may the
12 surety take longer than 30 working days to advise the State or
13 political subdivision on the course of action it intends to
14 take. The surety shall be liable for reasonable costs incurred
15 by the State or any political subdivision to maintain the
16 progress to the extent the costs exceed the unpaid balance of
17 the contract sum, subject to the penal sum of the bond.".

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

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

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

10 Section 99. Effective date. This Act takes effect upon
11 becoming law."