



Sen. William R. Haine

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09500SB1890sam001

LRB095 14226 JAM 48946 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. If the surety elects to complete the work with a

1 completing contractor and if the State or any political  
2 subdivision determines it is in the best interest of the State  
3 to maintain the progress of the work, the State or any  
4 political subdivision may continue to work until the completing  
5 contractor is prepared to commence performance. The surety  
6 shall be liable for reasonable costs incurred by the State or  
7 any political subdivision to maintain the progress to the  
8 extent the costs exceed the unpaid balance of the contract sum,  
9 subject to the penal sum of the bond."

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

19 When other than motor fuel tax funds, federal-aid funds, or  
20 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 \$100,000  
24 to comply with the requirements of this Section. Any such bank  
25 letter of credit shall contain all provisions required for  
26 bonds by this Section.

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

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.".