AN ACT

Amending the act of December 20, 1967 (P.L.869, No.385), entitled "An act establishing a uniform and mandatory system governing the requirement of bonds to be furnished by contractors in the prosecution of any public building, or other public work or public improvement, including road work; the rights and remedies of persons furnishing labor or material in the prosecution of such public building, public work or public improvement, including road work; procedure in connection with suits on payment bonds; rights of persons furnishing labor or materials to a copy of bond; prescribing penalties; and repealing other prior acts or provisions thereof inconsistent herewith," further providing for duty of prime contractor to provide financial security in certain contracts involving public works and public improvements.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 3.1(a) of the act of December 20, 1967 (P.L.869, No.385), known as the Public Works Contractors' Bond Law of 1967, is amended to read:

Section 3.1. (a) --Before any contract exceeding [ten thousand dollars ($10,000)] fifty thousand dollars ($50,000) for the construction, reconstruction, alteration or repair of any public building or other public work or public improvement,
including highway work, of any contracting body is awarded to
any prime contractor, such contractor shall furnish to the
contracting body the following financial security, which shall
become binding upon the awarding of said contract to such
contractor:

(1) Any financial security, acceptable to and approved by
the contracting body, including, but not limited to, A
performance bond, Federal or Commonwealth chartered lending
institutions irrevocable [letters] letter of credit [and] or
restrictive or escrow [accounts] account in such lending
institutions, equal to one hundred percent of the
contract amount, conditioned upon the faithful performance of
the contract in accordance with the plans, specifications and
conditions of the contract. Such financial security shall be
solely for the protection of the contracting body which awarded
the contract.

(2) Any financial security, acceptable to and approved by
the contracting body, including, but not limited to, A payment
bond, Federal or Commonwealth chartered lending institution
irrevocable [letters] letter of credit [and] or restrictive or
escrow [accounts] account in such lending [institutions]
institution, equal to one hundred percent of the contract
amount. Such financial security shall be solely for the
protection of claimants supplying labor or materials to the
prime contractor to whom the contract was awarded, or to any of
his subcontractors, in the prosecution of the work provided for
in such contract, and shall be conditioned for the prompt
payment of all such material furnished or labor supplied or
performed in the prosecution of the work. "Labor or materials"
shall include public utility services and reasonable rentals of
equipment, but only for periods when the equipment rented is actually used at the site.

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Section 2. This act shall take effect in 60 days.