

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**  
**No. 2785** Session of  
1986

INTRODUCED BY DORR, SERAFINI, CAPPABIANCA AND VAN HORNE,  
SEPTEMBER 29, 1986

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,  
SEPTEMBER 29, 1986

AN ACT

1 Amending the act of December 20, 1967 (P.L.869, No.385),  
2 entitled "An act establishing a uniform and mandatory system  
3 governing the requirement of bonds to be furnished by  
4 contractors in the prosecution of any public building, or  
5 other public work or public improvement, including road work;  
6 the rights and remedies of persons furnishing labor or  
7 material in the prosecution of such public building, public  
8 work or public improvement, including road work; procedure in  
9 connection with suits on payment bonds; rights of persons  
10 furnishing labor or materials to a copy of bond; prescribing  
11 penalties; and repealing other prior acts or provisions  
12 thereof inconsistent herewith," further providing for the  
13 amount of contracts for which security is required; and  
14 providing for alternate security.

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

17 Section 1. Section 3 of the act of December 20, 1967  
18 (P.L.869, No.385), known as the Public Works Contractors' Bond  
19 Law of 1967, is amended to read:

20 Section 3. (a)--Before any contract exceeding [five thousand  
21 dollars (\$5,000)] fifty thousand dollars (\$50,000) for the  
22 construction, reconstruction, alteration or repair of any public  
23 building or other public work or public improvement, including

1 highway work, of any contracting body is awarded to any prime  
2 contractor, such contractor shall furnish to the contracting  
3 body the following bonds, or alternate security approved by the  
4 contracting body which shall become binding upon the awarding of  
5 said contract to such contractor:

6 (1) A performance bond at one hundred percent of the  
7 contract amount, or alternate security approved by the  
8 contracting body conditioned upon the faithful performance of  
9 the contract in accordance with the plans, specifications and  
10 conditions of the contract. Such bond shall be solely for the  
11 protection of the contracting body which awarded the contract.

12 (2) A payment bond at one hundred percent of the contract  
13 amount or alternate security approved by the contracting body.  
14 Such bond shall be solely for the protection of claimants  
15 supplying labor or materials to the prime contractor to whom the  
16 contract was awarded, or to any of his subcontractors, in the  
17 prosecution of the work provided for in such contract, and shall  
18 be conditioned for the prompt payment of all such material  
19 furnished or labor supplied or performed in the prosecution of  
20 the work. "Labor or materials" shall include public utility  
21 services and reasonable rentals of equipment, but only for  
22 periods when the equipment rented is actually used at the site.

23 (b) Each of such bonds shall be executed by one or more  
24 surety companies legally authorized to do business in the  
25 Commonwealth of Pennsylvania. If the contracting body is the  
26 Commonwealth of Pennsylvania or any officer, employe, board,  
27 bureau, commission, department, agency or institution thereof,  
28 such bond shall be payable to the Commonwealth of Pennsylvania.  
29 If the contracting body is other than one of those enumerated in  
30 this subsection, such bond shall be payable to such other

1 contracting body.

2 (c) Each of such bonds or alternate security shall be filed  
3 in the office of the contracting body which awarded the contract  
4 for which such bonds or alternate security were given.

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