

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 344 Session of 2015

INTRODUCED BY EICHELBERGER, TEPLITZ, VULAKOVICH, VANCE, SCHWANK, FOLMER, BOSCOLA, RAFFERTY AND BROWNE, FEBRUARY 20, 2015

REFERRED TO LOCAL GOVERNMENT, FEBRUARY 20, 2015

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 duty of
 13 prime contractor to provide financial security in certain
 14 contracts involving public works and public improvements.

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

17 Section 1. Section 3.1(a) of the act of December 20, 1967
 18 (P.L.869, No.385), known as the Public Works Contractors' Bond
 19 Law of 1967, amended December 20, 2000 (P.L.965, No.131), is
 20 amended to read:

21 Section 3.1. (a)--Before any contract exceeding ten thousand
 22 dollars (\$10,000) for the construction, reconstruction,
 23 alteration or repair of any public building or other public work
 24 or public improvement, including highway work, of any

1 contracting body is awarded to any prime contractor, such
2 contractor shall furnish to the contracting body the following
3 financial security, which shall become binding upon the awarding
4 of said contract to such contractor:

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

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

1 actually used at the site.

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