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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 493 Session of  
2017

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INTRODUCED BY EICHELBERGER, FOLMER, BLAKE, BOSCOLA, COSTA,  
BROWNE AND VULAKOVICH, MARCH 10, 2017

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REFERRED TO LOCAL GOVERNMENT, MARCH 10, 2017

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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, is amended to read:

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

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

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

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

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