

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 885 Session of 2019

INTRODUCED BY GAYDOS, GLEIM, LEWIS, MIHALEK, RYAN, BERNSTINE, BROOKS, GROVE, KAUFFMAN, B. MILLER, ROTHMAN, ZIMMERMAN, KEEFER, WHEELAND AND DUSH, MARCH 25, 2019

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, JULY 7, 2020

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 <--
21 thousand dollars (\$10,000) ~~fifty thousand dollars (\$50,000)~~ for <--
22 the construction, reconstruction, alteration or repair of any
23 public building or other public work or public improvement,

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

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

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

1 equipment, but only for periods when the equipment rented is  
2 actually used at the site.

3 \* \* \*

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