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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 885 Session of  
2019

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

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 25, 2019

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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

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.