

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 207 Session of 2019

INTRODUCED BY DiSANTO, BLAKE, FOLMER, SCHWANK, COSTA, BOSCOLA AND BROWNE, FEBRUARY 5, 2019

SENATOR MARTIN, LOCAL GOVERNMENT, AS AMENDED, FEBRUARY 5, 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)] ~~five hundred thousand dollars~~ <--
22 ~~(\$500,000)~~ ONE HUNDRED THOUSAND DOLLARS (\$100,000) for the <--
23 construction, reconstruction, alteration or repair of any public
24 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 financial security, which shall become
4 binding upon the awarding 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.