

1 AN ACT concerning public construction.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Public Construction Bond Act is amended  
5 by changing Section 1 as follows:

6 (30 ILCS 550/1) (from Ch. 29, par. 15)

7 Sec. 1. Except as otherwise provided by this Act, all  
8 officials, boards, commissions or agents of this State, or of  
9 any political subdivision thereof in making contracts for  
10 public work of any kind costing over \$5,000 to be performed  
11 for the State, or a political subdivision thereof shall  
12 require every contractor for the work to furnish, supply and  
13 deliver a bond to the State, or to the political subdivision  
14 thereof entering into the contract, as the case may be, with  
15 good and sufficient sureties. The amount of the bond shall be  
16 fixed by the officials, boards, commissions, commissioners or  
17 agents, and the bond, among other conditions, shall be  
18 conditioned for the completion of the contract, for the  
19 payment of material used in the work and for all labor  
20 performed in the work, whether by subcontractor or otherwise.

21 If the contract is for emergency repairs as provided in  
22 the Illinois Procurement Code, proof of payment for all  
23 labor, materials, apparatus, fixtures, and machinery may be  
24 furnished in lieu of the bond required by this Section.

25 Each such bond is deemed to contain the following  
26 provisions whether such provisions are inserted in such bond  
27 or not:

28 "The principal and sureties on this bond agree that all  
29 the undertakings, covenants, terms, conditions and agreements  
30 of the contract or contracts entered into between the  
31 principal and the State or any political subdivision thereof

1 will be performed and fulfilled and to pay all persons, firms  
2 and corporations having contracts with the principal or with  
3 subcontractors, all just claims due them under the provisions  
4 of such contracts for labor performed or materials furnished  
5 in the performance of the contract on account of which this  
6 bond is given, when such claims are not satisfied out of the  
7 contract price of the contract on account of which this bond  
8 is given, after final settlement between the officer, board,  
9 commission or agent of the State or of any political  
10 subdivision thereof and the principal has been made."

11 The bond required by this Section may be acquired from  
12 the company, agent or broker of the contractor's choice.  
13 Except in a political subdivision of this State with a  
14 population over 1,000,000, the form of the bond may be, at  
15 the contractor's choosing, a cash bond, letter of credit, or  
16 surety bond. The bond and sureties shall be subject to the  
17 right of reasonable approval or disapproval, including  
18 suspension, by the State or political subdivision thereof  
19 concerned.

20 When other than motor fuel tax funds, federal-aid funds,  
21 or other funds received from the State are used, a political  
22 subdivision may allow the contractor to provide a  
23 non-diminishing irrevocable bank letter of credit, in lieu of  
24 the bond required by this Section, on contracts under  
25 \$100,000 to comply with the requirements of this Section.  
26 Any such bank letter of credit shall contain all provisions  
27 required for bonds by this Section.

28 (Source: P.A. 91-456, eff. 8-6-99.)