

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 67

H.P. 51

House of Representatives, January 19, 1993

Reference to the Committee on Business Legislation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative FARREN of Cherryfield.

Cosponsored by Representative ANDERSON of Woodland, Representative LOOK of Jonesboro and Senator VOSE of Washington.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-THREE

An Act to Amend the Public Works Contractors' Surety Bond Law of
1971.

Be it enacted by the People of the State of Maine as follows:

2
4 Sec. 1. 14 MRSA §871, sub-§3, as amended by PL 1989, c. 483,
Pt A, §31, is further amended to read:

6 3. **Surety bonds.** Except as provided in Title 5, section
8 1745, before any contract, exceeding \$50,000 ~~\$100,000~~ in amount,
10 for the construction, alteration or repair of any public building
12 or other public improvement or public work, including highways,
14 is awarded to any person by the State or by any political
subdivision or quasi-municipal corporation, or by any public
authority, ~~such that~~ that person shall must furnish to the State or to
~~such the~~ other contracting body, as the case may be, the
following surety bonds:

16 A. A performance bond in an amount equal to the full
18 contract amount, conditioned upon the faithful performance
20 of the contract in accordance with the plans, specifications
and conditions thereof. Such bond shall ~~be~~ is solely for the
22 protection of the State or the contracting body awarding the
contract, as the case may be; and

24 B. A payment bond in an amount equal to the full amount of
the contract solely for the protection of claimants
26 supplying labor or materials to the contractor or ~~his~~ the
contractor's subcontractor in the prosecution of the work
28 provided for in ~~such the~~ the contract. The term "materials"
shall ~~include~~ includes rental of equipment.

30 When required by the contracting authority, the contractor shall
32 furnish bid security in an amount which the contracting authority
considers sufficient to guarantee that if the work is awarded the
contractor will contract with the contracting agency.

34 The bid security may be in the form of United States postal money
36 order, official bank checks, cashiers' checks, certificates of
deposit, certified checks, money in escrow, bonds from parties
38 other than bonding companies subject to an adequate financial
standing documented by a financial statement of the party giving
40 the surety, bond or bonds from a surety company or companies duly
authorized to do business in the State.

42 The bid security may be required at the discretion of the
44 contracting authority to assure that the contractor is bondable.

46 The bid securities other than bid bonds shall must be returned to
the respective unsuccessful bidders. The bid security of the
48 successful bidder shall must be returned to the contractor upon

2 the execution and delivery to the contracting agency of the
contract and performance and payment bonds, in terms satisfactory
4 to the contracting agency for the due execution of the work.

6 In the case of contracts on behalf of the State, the bonds shall
must be payable to the State and deposited with the contracting
authority. In the case of all other contracts subject to this
8 section, the bonds shall must be payable to and deposited with
the contracting body awarding the contract.

10
12 **STATEMENT OF FACT**

14 Current law requires contractors on public works projects to
post surety bonds if the value of the contract exceeds \$50,000.
16 This bill raises the amount at which bonds are required to
\$100,000.
18