

SENATE BILL NO. 145

January 27, 1999, Introduced by Senators STEIL, GOUGEON, GOSCHKA, SIKKEMA, MC MANUS, JAYE, SHUGARS and HAMMERSTROM and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1963 PA 213, entitled

"An act to provide a procedure for bonding contractors for public buildings and public works of governmental units; and to repeal certain acts and parts of acts,"

by amending section 1 (MCL 129.201), as amended by 1982 PA 11.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) Before any contract ~~—~~ exceeding \$50,000.00
2 for the construction, alteration, or repair of any public build-
3 ing or public work or improvement of ~~the state or a county,~~
4 ~~city, village, township, school district, public educational~~
5 ~~institution, other political subdivision, public authority, or~~
6 ~~public agency hereinafter referred to as the "governmental~~
7 ~~unit",~~ A GOVERNMENTAL UNIT is awarded, the ~~proposed contractor,~~
8 ~~hereinafter referred to as the "principal contractor",~~ PRINCIPAL
9 CONTRACTOR shall furnish at his or her own cost to the
10 governmental unit a performance bond and a payment bond which

1 shall become binding upon the award of the contract to the
2 principal contractor. However, if the principal contractor is a
3 common carrier as defined in section 3 of ~~Act No. 300 of the~~
4 ~~Public Acts of 1909, as amended, being section 462.3 of the~~
5 ~~Michigan Compiled Laws~~ 1909 PA 300, MCL 462.3, ~~or~~ IS the des-
6 ignated operator of a state subsidized railroad, OR IS AUTHORIZED
7 BY THE GOVERNMENTAL UNIT IN WRITING, the principal contractor may
8 provide an irrevocable letter of credit from a state or national
9 bank or a state or federally chartered savings and loan associa-
10 tion instead of the bonds. Neither the invitation for bids, nor
11 any person acting, or purporting to act, on behalf of the govern-
12 mental unit shall require that the bonds be furnished by a par-
13 ticular bank or surety company, or through a particular agent or
14 broker, or through a bank, company, agent, or broker in any par-
15 ticular locality.

16 (2) AS USED IN THIS ACT, "GOVERNMENTAL UNIT" MEANS THIS
17 STATE, A COUNTY, CITY, VILLAGE, TOWNSHIP, SCHOOL DISTRICT, OR
18 PUBLIC EDUCATION INSTITUTION, OR ANY OTHER POLITICAL SUBDIVISION,
19 PUBLIC AUTHORITY, OR PUBLIC AGENCY.