



SENATE BILL No. 628

September 12, 1995, Introduced by Senators NORTH, SHUGARS, STILLE, MC MANUS and STALLINGS and referred to the Committee on Local, Urban and State Affairs.

A bill to amend section 1 of Act No. 187 of the Public Acts of 1905, entitled as amended

"An act to insure the payment of subcontractors and wages earned and all materials or labor and certain supplies furnished and used in connection with and consumed in constructing, repairing or ornamenting public buildings and public works,"

as amended by Act No. 10 of the Public Acts of 1982, being section 570.101 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1 of Act No. 187 of the Public Acts of
2 1905, as amended by Act No. 10 of the Public Acts of 1982, being
3 section 570.101 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 1. (1) ~~When~~ IF A public ~~buildings~~ BUILDING or
6 other public ~~works are~~ WORK IS about to be built, repaired, or
7 ornamented under contract at the expense of the state ~~,~~ or of

1 any county, city, village, township, or school district ~~thereof,~~
2 ~~it shall be the duty~~ of THE STATE, the board of officers or
3 agents ~~—~~ contracting on behalf of the state, county, city, vil-
4 lage, township, or school district ~~—to~~ SHALL require A GOOD
5 AND sufficient ~~security by~~ PERFORMANCE AND PAYMENT bond for the
6 payment by the contractor of all subcontractors and for the pay-
7 ment for all labor performed and materials and certain supplies
8 furnished and used in the CONSTRUCTION, erection, repairing, or
9 ornamenting of the public ~~buildings or works. However, if the~~
10 BUILDING OR WORK.

11 (2) IF THE STATE, COUNTY, CITY, VILLAGE, TOWNSHIP, OR SCHOOL
12 DISTRICT DOES NOT OBTAIN A BOND AS REQUIRED BY SUBSECTION (1),
13 THE STATE, COUNTY, CITY, VILLAGE, TOWNSHIP, OR SCHOOL DISTRICT IS
14 LIABLE FOR THE FAILURE TO MAKE PAYMENT BY THE CONTRACTOR OR OTHER
15 THIRD PARTY TO ANY PERSON WHO IS ENTITLED TO RECOVER UNDER THE
16 BOND.

17 (3) AS USED IN THIS ACT, "GOOD AND SUFFICIENT PERFORMANCE
18 AND PAYMENT BOND" MEANS A BOND PROPERLY EXECUTED BY A SURETY COM-
19 PANY AUTHORIZED BY THE MICHIGAN INSURANCE BUREAU TO DO BUSINESS
20 IN THIS STATE.

21 (4) IF A contractor is a common carrier as defined in sec-
22 tion 3 of Act No. 300 of the Public Acts of 1909, ~~as amended,~~
23 being section 462.3 of the Michigan Compiled Laws, or the desig-
24 nated operator of a state subsidized railroad, the contractor may
25 provide an irrevocable letter of credit from a state or national
26 CHARTERED bank or a state or federally chartered savings and loan

1 association OR CREDIT UNION instead of the bond REQUIRED BY
2 SUBSECTION (1).