

HOUSE BILL NO. 510

INTRODUCED BY LORY, CONROY, SEIFERT

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 27, 1981	Introduced and referred to Committee on Business and Industry.
February 13, 1981	Committee recommend bill do pass as amended. Report adopted.
February 14, 1981	Bill printed and placed on members' desks.
February 17, 1981	Second reading, do pass.
February 18, 1981	Correctly engrossed.
February 19, 1981	Third reading, passed. Ayes, 99; Noes, 0. Transmitted to Senate.

IN THE SENATE

February 20, 1981	Introduced and referred to Committee on Business and Industry.
March 16, 1981	Committee recommend bill be concurred in. Report adopted.
March 17, 1981	Motion pass consideration.
March 18, 1981	Second reading, concurred in as amended.
March 20, 1981	Third reading, concurred in as amended. Ayes, 48; Noes, 0.

IN THE HOUSE

March 21, 1981                      Returned from Senate with amendments.

April 7, 1981                      Second reading, amendments concurred in.

   On motion, rules suspended and bill placed on third reading this day.

   Third reading, amendments concurred in. Ayes, 90; Noes, 6. Sent to enrolling.

April 9, 1981                      Correctly enrolled.

April 10, 1981                      Signed by Speaker.

April 11, 1981                      Signed by President.

   Delivered to Governor.

April 17, 1981                      Returned from Governor with recommended amendments.

April 21, 1981                      Second reading, Governor's amendments concurred in.

   On motion rules suspended. Governor's amendments placed on calendar for third reading this day.

   Third reading, Governor's amendments concurred in. Ayes, 89; Noes, 5. Transmitted to Senate.

IN THE SENATE

April 22, 1981                      Second reading, Governor's amendments concurred in.

   On motion rules suspended. Governor's amendments placed on calendar for third reading this day.

April 22, 1981

Third reading, Governor's  
amendments concurred in.  
Ayes, 45; Noes, 0.

IN THE HOUSE

April 23, 1981

Returned from Senate.  
Sent to enrolling.

Reported correctly enrolled.



LC 0160/01

1 ~~corporation incorporated under the laws of the state of~~  
2 ~~Montana or by a national banking association located in~~  
3 ~~Montana; or~~

4 ~~(c) certificates of deposit or money market~~  
5 ~~certificates issued by any bank or savings and loan~~  
6 ~~association licensed to do business in Montana."~~

7 Section 2. Section 18-2-202, MCA, is amended to read:

8 "18-2-202. Failure to require bond. If any board,  
9 council, commission, trustee, or body acting for the state  
10 or any board of county commissioners or any mayor and common  
11 council of any incorporated city or town or tribunal  
12 transacting the business of any such municipal corporation  
13 shall fail to take such bond, ~~cash, checks, drafts, money~~  
14 ~~orders, or certificates of deposit~~ as herein required, the  
15 state or such county, incorporated city or town, or other  
16 municipal corporation shall be liable to the persons  
17 mentioned in 18-2-201 to the full extent and for the full  
18 amount of all of such debts so contracted by any such  
19 subcontractor as well as such contractor."

-End-

Approved by Committee  
on Business and Industry

1 HOUSE BILL NO. 510  
 2 INTRODUCED BY LORY, CONROY, SEIFERT  
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS  
 6 18-2-201 AND 18-2-202, MCA, TO LIMIT THE NUMBER OF  
 7 INDIVIDUAL SURETIES AND AUTHORIZE THE USE OF DEPOSITS AND  
 8 SECURITIES IN LIEU OF SURETY BONDS ON GOVERNMENT  
 9 CONSTRUCTION PROJECTS."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 12 Section 1. Section 18-2-201, MCA, is amended to read:  
 13 "18-2-201. Bonding requirements. (1) Whenever any  
 14 board, council, commission, trustees, or body acting for the  
 15 state or any county, municipality, or any public body shall  
 16 contract with any person or corporation to do any work for  
 17 the state, county, or municipality or other public body,  
 18 city, town, or district, such board, council, commission,  
 19 trustees, or body shall require the corporation, person, or  
 20 persons with whom such contract is made to make, execute,  
 21 and deliver to such board, council, commission, trustees, or  
 22 body a good and sufficient bond ~~with two or more sureties or~~  
 23 with a licensed surety company as surety, conditioned that  
 24 such corporation, person, or persons shall:  
 25 (a) faithfully perform all of the provisions of such

1 contract;  
 2 (b) pay all laborers, mechanics, subcontractors, and  
 3 materialmen; and  
 4 (c) pay all persons who shall supply such corporation,  
 5 person or persons, or subcontractors with provisions,  
 6 provender, material, or supplies for the carrying on of such  
 7 work.  
 8 (2) A copy of such bond shall be filed with the county  
 9 clerk and recorder of the county where such work is  
 10 performed or improvement made or, if to be performed in more  
 11 than one county, then with the county clerk of either  
 12 county, except in cases of cities and towns, in which case  
 13 such bond shall be filed with the city or town clerk  
 14 thereof.  
 15 (3) Notwithstanding the provisions of (1) and (2)  
 16 above, any person or corporation contracting for work with  
 17 the state or other governmental entity may, in lieu of a  
 18 surety bond, PERMIT THE deposit with the contracting  
 19 governmental entity or agency the following securities in an  
 20 amount at least equal to the contract sum to guarantee the  
 21 faithful performance of the contract and the payment of all  
 22 laborers, suppliers, materialmen, mechanics, and  
 23 subcontractors:  
 24 (a) lawful money of the United States; or  
 25 (b) a cashier's check, certified check, bank money

1 order, or bank draft, drawn or issued by any banking  
2 corporation incorporated under the laws of the state of  
3 Montana or by a national banking association located in  
4 Montana; or

5 (c) certificates of deposit or money market  
6 certificates issued by any bank or savings and loan  
7 association licensed to do business in Montana."

8 Section 2. Section 18-2-202, MCA, is amended to read:

9 "18-2-202. Failure to require bond. If any board,  
10 council, commission, trustee, or body acting for the state  
11 or any board of county commissioners or any mayor and common  
12 council of any incorporated city or town or tribunal  
13 transacting the business of any such municipal corporation  
14 shall fail to take such bond, cash, checks, drafts, money  
15 orders, or certificates of deposit as herein required, the  
16 state or such county, incorporated city or town, or other  
17 municipal corporation shall be liable to the persons  
18 mentioned in 18-2-201 to the full extent and for the full  
19 amount of all of such debts so contracted by any such  
20 subcontractor as well as such contractor."

-End-

HOUSE BILL NO. 510

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BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 18-2-201 AND 18-2-202, MCA, TO LIMIT THE NUMBER OF INDIVIDUAL SURETIES AND AUTHORIZE THE USE OF DEPOSITS AND SECURITIES IN LIEU OF SURETY BONDS ON GOVERNMENT CONSTRUCTION PROJECTS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 18-2-201, MCA, is amended to read:

"18-2-201. Bonding requirements. (1) Whenever any board, council, commission, trustees, or body acting for the state or any county, municipality, or any public body shall contract with any person or corporation to do any work for the state, county, or municipality or other public body, city, town, or district, such board, council, commission, trustees, or body shall require the corporation, person, or persons with whom such contract is made to make, execute, and deliver to such board, council, commission, trustees, or body a good and sufficient bond with two or more sureties or with a licensed surety company as surety, conditioned that such corporation, person, or persons shall:

(a) faithfully perform all of the provisions of such

contract;

(b) pay all laborers, mechanics, subcontractors, and materialmen; and

(c) pay all persons who shall supply such corporation, person or persons, or subcontractors with provisions, provender, material, or supplies for the carrying on of such work.

(2) A copy of such bond shall be filed with the county clerk and recorder of the county where such work is performed or improvement made or, if to be performed in more than one county, then with the county clerk of either county, except in cases of cities and towns, in which case such bond shall be filed with the city or town clerk thereof.

(3) Notwithstanding the provisions of (1) and (2) above, any person or corporation contracting for work with the state or other governmental entity may, in lieu of a surety bond, PERMIT THE deposit with the contracting governmental entity or agency the following securities in an amount at least equal to the contract sum to guarantee the faithful performance of the contract and the payment of all laborers, suppliers, materialmen, mechanics, and subcontractors:

(a) lawful money of the United States; or

(b) a cashier's check, certified check, bank money



1 order, or bank draft, drawn or issued by any banking  
2 corporation incorporated under the laws of the state of  
3 Montana or by a national banking association located in  
4 Montana; or

5 (C) certificates of deposit or money market  
6 certificates issued by any bank or savings and loan  
7 association licensed to do business in Montana."

8 Section 2. Section 18-2-202, MCA, is amended to read:

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10 council, commission, trustee, or body acting for the state  
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12 council of any incorporated city or town or tribunal  
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15 orders, or certificates of deposit as herein required, the  
16 state or such county, incorporated city or town, or other  
17 municipal corporation shall be liable to the persons  
18 mentioned in 18-2-201 to the full extent and for the full  
19 amount of all of such debts so contracted by any such  
20 subcontractor as well as such contractor."

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16 contract with any person or corporation to do any work for  
17 the state, county, or municipality or other public body,  
18 city, town, or district, such board, council, commission,  
19 trustees, or body shall require the corporation, person, or  
20 persons with whom such contract is made to make, execute,  
21 and deliver to such board, council, commission, trustees, or  
22 body a good and sufficient bond ~~with two or more sureties or~~  
23 WITH TWO OR MORE SURETIES ACCEPTABLE TO THE GOVERNMENTAL  
24 BODY LETTING THE CONTRACT, OR with a licensed surety company  
25 as surety, conditioned that such corporation, person, or

1 persons shall:

2 (a) faithfully perform all of the provisions of such  
3 contract;4 (b) pay all laborers, mechanics, subcontractors, and  
5 materialmen; and6 (c) pay all persons who shall supply such corporation,  
7 person or persons, or subcontractors with provisions,  
8 provender, material, or supplies for the carrying on of such  
9 work.

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11 clerk and recorder of the county where such work is  
12 performed or improvement made or, if to be performed in more  
13 than one county, then with the county clerk of either  
14 county, except in cases of cities and towns, in which case  
15 such bond shall be filed with the city or town clerk  
16 thereof.

17 (3) Notwithstanding the provisions of (1) and (2)  
18 above, any person or corporation contracting for work with  
19 the state or other governmental entity may, in lieu of a  
20 surety bond, PERMIT THE deposit with the contracting  
21 governmental entity or agency the following securities in an  
22 amount at least equal to the contract sum to guarantee the  
23 faithful performance of the contract and the payment of all  
24 laborers, suppliers, materialmen, mechanics, and  
25 subcontractors:

- 1        (a) lawful money of the United States; or  
2        (b) a cashier's check, certified check, bank money  
3        order, or bank draft, drawn or issued by any banking  
4        corporation incorporated under the laws of the state of  
5        Montana or by a national banking association located in  
6        Montana; or  
7        (c) certificates of deposit or money market  
8        certificates issued by any bank or savings and loan  
9        association licensed to do business in Montana."

10       Section 2. Section 18-2-202, MCA, is amended to read:  
11       "18-2-202. Failure to require bond. If any board,  
12       council, commission, trustee, or body acting for the state  
13       or any board of county commissioners or any mayor and common  
14       council of any incorporated city or town or tribunal  
15       transacting the business of any such municipal corporation  
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19       municipal corporation shall be liable to the persons  
20       mentioned in 18-2-201 to the full extent and for the full  
21       amount of all of such debts so contracted by any such  
22       subcontractor as well as such contractor."

-End-

March 18, 1981

SENATE COMMITTEE OF THE WHOLE

Proposed amendments to House Bill 510, third reading copy,  
as follows:

1. Page 1, line 22.

Following: "bond"

Insert: "with two or more sureties acceptable  
to the governmental body letting the contract,  
or"

ERRATA SHEET  
GOVERNOR'S PROPOSED AMENDMENTS TO HOUSE BILL NO. 510

Proposed amendment instructions should read as follows, instructions refer to Reference Copy:

1. Title, lines 6 and 7  
Following: "TO ", line 6  
Strike: "LIMIT THE NUMBER OF INDIVIDUAL SURETIES AND"  
Insert: "PROVIDE THAT SURETIES MUST BE ACCEPTABLE TO GOVERNMENTAL  
BODY AND THAT SURETY COMPANIES MUST BE LICENSED, AND TO"

April 16, 1981

PROPOSED GOVERNOR'S AMENDMENTS TO HOUSE BILL NO. 510;  
REFERENCE COPY, AS FOLLOWS:

1. Page 2, Lines 6 and 7  
Following: "TO" line 6  
Strike: "LIMIT THE NUMBER OF INDIVIDUAL SURETIES AND"  
Insert: "PROVIDE THAT SURETIES MUST BE ACCEPTABLE  
TO GOVERNMENTAL BODY AND THAT SURETY COM-  
PANIES MUST BE LICENSED, AND TO"

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 22 persons with whom such contract is made to make, execute,  
 23 and deliver to such board, council, commission, trustees, or  
 24 body a good and sufficient bond ~~with two or more sureties or~~  
 25 WITH TWO OR MORE SURETIES ACCEPTABLE TO THE GOVERNMENTAL

1 BODY LETTING THE CONTRACT, OR with a licensed surety company  
 2 as surety, conditioned that such corporation, person, or  
 3 persons shall:  
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 5 contract;  
 6 (b) pay all laborers, mechanics, subcontractors, and  
 7 materialmen; and  
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21 municipal corporation shall be liable to the persons  
22 mentioned in 18-2-201 to the full extent and for the full  
23 amount of all of such debts so contracted by any such  
24 subcontractor as well as such contractor."

-End-





State of Montana  
Office of the Governor  
Helena 59620

TED SCHWINDEN  
GOVERNOR

April 16, 1981

The Honorable Jean A. Turnage  
President of the Senate  
State Capitol  
Helena, Montana 59620

The Honorable Robert L. Marks  
Speaker of the House  
State Capitol  
Helena, Montana 59620

Dear Senator Turnage and Representative Marks:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby return House Bill No. 510, "AN ACT TO AMEND SECTIONS 18-2-201 and 18-2-202, MCA, TO LIMIT THE NUMBER OF INDIVIDUAL SURETIES AND AUTHORIZE THE USE OF DEPOSITS AND SECURITIES IN LIEU OF SURETY BONDS ON GOVERNMENT CONSTRUCTION PROJECTS," without my signature and recommend the attached amendment.

As introduced, HB 510 would have limited the number of individual sureties on bonds for government construction projects. The bill, however, was amended after introduction to delete this limit, and other language was substituted. The title was never amended to reflect this change.

I am proposing an amendment to the title simply to make it reflect the content of the bill.

I urge your concurrence in this amendment.

Sincerely,

A handwritten signature in cursive script that reads "Ted Schwinden".

TED SCHWINDEN  
Governor



TED SCHWINDEN  
GOVERNOR

State of Montana  
Office of the Governor  
Helena 59620

April 18, 1981

The Honorable Jean A. Turnage  
President of the Senate  
State Capitol  
Helena, Montana 59620

The Honorable Robert L. Marks  
Speaker of the House  
State Capitol  
Helena, Montana 59620

Dear Senator Turnage and Representative Marks:

It has come to my attention that my proposed amendment to House Bill No. 510 was prefaced by an incorrect page reference. Accordingly, the purpose of this letter is to request that you use the attached sheet to make the required correction in my proposed amendment.

Sincerely,

TED SCHWINDEN  
Governor