

HOUSE BILL NO. 507

INTRODUCED BY CAMPBELL, BECK

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

JANUARY 28, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
FEBRUARY 11, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 12, 1987	PRINTING REPORT.
FEBRUARY 13, 1987	SECOND READING, DO PASS.
FEBRUARY 14, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 91; NOES, 3.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 16, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
MARCH 11, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 16, 1987	SECOND READING, CONCURRED IN.
MARCH 18, 1987	THIRD READING, CONCURRED IN. AYES, 50; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 18, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

1 *House* BILL NO. *507*  
 2 INTRODUCED BY *Campbell Beck*  
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE STATE OR  
 6 ANY OTHER GOVERNMENTAL ENTITY TO WAIVE THE REQUIREMENT FOR  
 7 BONDS OR BID SECURITY ON CONSTRUCTION CONTRACTS UNDER  
 8 \$5,000; AMENDING SECTIONS 18-2-201, 18-2-202, AND 18-2-302,  
 9 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
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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) Except as  
 14 otherwise provided in 18-1-219 and subsection (4) and (5),  
 15 of this section, whenever any board, council, commission,  
 16 trustees, or body acting for the state or any county,  
 17 municipality, or any public body shall contract with any  
 18 person or corporation to do any work for the state, county,  
 19 or municipality or other public body, city, town, or  
 20 district, such board, council, commission, trustees, or body  
 21 shall require the corporation, person, or persons with whom  
 22 such contract is made to make, execute, and deliver to such  
 23 board, council, commission, trustees, or body a good and  
 24 sufficient bond with a licensed surety company as surety,  
 25 conditioned that such corporation, person, or persons shall:

1 (a) faithfully perform all of the provisions of such  
 2 contract;

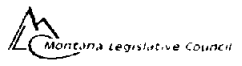
3 (b) pay all laborers, mechanics, subcontractors, and  
 4 materialmen; and

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

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

16 (3) Notwithstanding the provisions of (1) and (2)  
 17 above, the state or other governmental entity may, in lieu  
 18 of a 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 (4) Notwithstanding the provisions of subsections (1)  
9 and (2) above, any board, council, commission, trustee, or  
10 body acting for any county, municipality, or any public body  
11 other than the state may, in lieu of a bond from a licensed  
12 surety company, accept a good and sufficient bond with two  
13 or more sureties acceptable to the governmental body.

14 (5) The state or other governmental entity may waive  
15 the requirements contained in subsections (1) through (4)  
16 for building or construction projects, as defined in  
17 18-2-101, that cost less than \$5,000."

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

19 "18-2-202. Failure to require bond -- waiver of bond.

20 If any board, council, commission, trustee, or body acting  
21 for the state or any board of county commissioners or any  
22 mayor and common council of any incorporated city or town or  
23 tribunal transacting the business of any such municipal  
24 corporation ~~shall--fail~~ waives or fails to take such bond,  
25 cash, checks, drafts, money orders, or certificates of

1 deposit as herein required, the state or such county,  
2 incorporated city or town, or other municipal corporation  
3 shall be liable to the persons mentioned in 18-2-201 to the  
4 full extent and for the full amount of all of such debts so  
5 contracted by any such subcontractor as well as such  
6 contractor."

7 Section 3. Section 18-2-302, MCA, is amended to read:

8 "18-2-302. Bid security. (1) Each Except as provided  
9 in subsection (2), each bid must be accompanied by bid  
10 security in the amount of 10% of the bid, such security to  
11 consist of cash, cashier's check, certified check, bank  
12 money order, or bank draft, in any case drawn and issued by  
13 a national banking association located in the state of  
14 Montana or by any banking corporation incorporated under the  
15 laws of the state of Montana, or a bid bond or bonds  
16 executed by a surety corporation authorized to do business  
17 in the state of Montana.

18 (2) The state or other governmental entity may waive  
19 the requirements for bid security on building or  
20 construction projects, as defined in 18-2-101, that cost  
21 less than \$5,000."

22 NEW SECTION. Section 4. Extension of authority. Any  
23 existing authority of the department of administration to  
24 make rules on the subject of the provisions of this act is  
25 extended to the provisions of this act.

LC 0796/01

1        NEW SECTION. Section 5. Effective date. This act is  
2 effective on passage and approval.

-End-

APPROVED BY COMM. ON  
BUSINESS AND LABOR

1 *House* BILL NO. *507*  
2 INTRODUCED BY *Campbell Brook*  
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
4

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13 "18-2-201. Bonding requirements. (1) Except as  
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15 of this section, whenever any board, council, commission,  
16 trustees, or body acting for the state or any county,  
17 municipality, or any public body shall contract with any  
18 person or corporation to do any work for the state, county,  
19 or municipality or other public body, city, town, or  
20 district, such board, council, commission, trustees, or body  
21 shall require the corporation, person, or persons with whom  
22 such contract is made to make, execute, and deliver to such  
23 board, council, commission, trustees, or body a good and  
24 sufficient bond with a licensed surety company as surety,  
25 conditioned that such corporation, person, or persons shall:

1 (a) faithfully perform all of the provisions of such  
2 contract;

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

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

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

16 (3) Notwithstanding the provisions of (1) and (2)  
17 above, the state or other governmental entity may, in lieu  
18 of a 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 (4) Notwithstanding the provisions of subsections (1)  
9 and (2) above, any board, council, commission, trustee, or  
10 body acting for any county, municipality, or any public body  
11 other than the state may, in lieu of a bond from a licensed  
12 surety company, accept a good and sufficient bond with two  
13 or more sureties acceptable to the governmental body.

14 (5) The state or other governmental entity may waive  
15 the requirements contained in subsections (1) through (4)  
16 for building or construction projects, as defined in  
17 18-2-101, that cost less than \$5,000."

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

19 "18-2-202. Failure to require bond -- waiver of bond.  
20 If any board, council, commission, trustee, or body acting  
21 for the state or any board of county commissioners or any  
22 mayor and common council of any incorporated city or town or  
23 tribunal transacting the business of any such municipal  
24 corporation ~~shall--fail~~ waives or fails to take such bond,  
25 cash, checks, drafts, money orders, or certificates of

1 deposit as herein required, the state or such county,  
2 incorporated city or town, or other municipal corporation  
3 shall be liable to the persons mentioned in 18-2-201 to the  
4 full extent and for the full amount of all of such debts so  
5 contracted by any such subcontractor as well as such  
6 contractor."

7 Section 3. Section 18-2-302, MCA, is amended to read:

8 "18-2-302. Bid security. (1) Each Except as provided  
9 in subsection (2), each bid must be accompanied by bid  
10 security in the amount of 10% of the bid, such security to  
11 consist of cash, cashier's check, certified check, bank  
12 money order, or bank draft, in any case drawn and issued by  
13 a national banking association located in the state of  
14 Montana or by any banking corporation incorporated under the  
15 laws of the state of Montana, or a bid bond or bonds  
16 executed by a surety corporation authorized to do business  
17 in the state of Montana.

18 (2) The state or other governmental entity may waive  
19 the requirements for bid security on building or  
20 construction projects, as defined in 18-2-101, that cost  
21 less than \$5,000."

22 NEW SECTION. Section 4. Extension of authority. Any  
23 existing authority of the department of administration to  
24 make rules on the subject of the provisions of this act is  
25 extended to the provisions of this act.

LC 0796/01

1        NEW SECTION. Section 5. Effective date. This act is  
2        effective on passage and approval.

-End-

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 2 INTRODUCED BY Campbell Bush  
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
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 18 person or corporation to do any work for the state, county,  
 19 or municipality or other public body, city, town, or  
 20 district, such board, council, commission, trustees, or body  
 21 shall require the corporation, person, or persons with whom  
 22 such contract is made to make, execute, and deliver to such  
 23 board, council, commission, trustees, or body a good and  
 24 sufficient bond with a licensed surety company as surety,  
 25 conditioned that such corporation, person, or persons shall:

1 (a) faithfully perform all of the provisions of such  
 2 contract;

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

5 (c) pay all persons who shall supply such corporation,  
 6 person or persons, or subcontractors with provisions,  
 7 provender, material, or supplies for the carrying on of such  
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9 (2) A copy of such bond shall be filed with the county  
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 12 than one county, then with the county clerk of either  
 13 county, except in cases of cities and towns, in which case  
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 17 above, the state or other governmental entity may, in lieu  
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LC 0796/01

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HB 0507/02

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