

Original sponsor: Gruening

Offered: 5/16/78
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 827

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to bond requirements for public works
7 contracts."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 36.25.010 is amended by adding new subsections to read:

10 (d) When the total amount payable by the terms of the contract is
11 \$500,000 or less the state, and any department or agency of the state,
12 shall waive the bond requirements of this section if the following
13 conditions are met and if the contractor provides, on forms prescribed
14 by the agency awarding the contract, all information necessary to show
15 that these conditions are met:

16 (1) The contractor is, and for three years immediately pre-
17 ceding the award of the contract has been, a licensed contractor having
18 his principal offices in the state.

19 (2) The contract is for work similar in nature to the work
20 usually performed by the contractor.

21 (3) The contract is for construction, alteration, repair, or
22 maintenance of buildings or improvements and requires the performance of
23 substantially all work by the contractor utilizing his own tools, equip-
24 ment, and employees, and requires the contractor to use no subcontrac-
25 tors.

26 (4) The contractor submits a financial statement certified by
27 a certified public accountant showing a profit from contracting opera-
28 tions for at least the year preceding the submission of the bid, and for
29 two of the last three years preceding the submission of the bid.

1 (5) The contractor has not defaulted on any contract awarded
2 him in the last three years.

3 (6) The total amount of all contracts being performed by the
4 contractor during the term of the subject contract, including the con-
5 tract being awarded under this subsection, does not exceed seven times
6 the net worth of the contractor.

7 (7) The state, or a political subdivision of the state,
8 establishes a disbursement procedure by which

9 (A) funds are disbursed in periodic progress payments
10 relating to the amount of work performed to date of disbursement;

11 (B) no less than 10 per cent of each disbursement is
12 withheld to the end of the contract to assure completion of the
13 contract; and

14 (C) the state or a political subdivision of the state
15 performs such audits and requires such lien releases as is appro-
16 priate to assure payment of all employees of and suppliers to the
17 contractor.

18 (8) The state or state agency or department awarding the
19 contract has received bids from at least two other contractors whose
20 bids are accompanied by a bid bond or who meet the qualifications of
21 this subsection, and the successful contractor's bid is not less than 10
22 per cent lower than the average of all bids on the same job; the pro-
23 visions of this paragraph do not apply to contracts for the performance
24 of work to be done entirely outside of an organized borough.

25 (e) A municipality, by ordinance adopted by its governing body,
26 may exempt contractors from compliance with the provisions of (a) of
27 this section. The contractor shall be subject to the provisions of (d)
28 of this section.

29 * Sec. 2. AS 37.05.220(8) is amended to read:

1 (8) prescribe standard forms for bids and contracts for con-
2 struction, purchases of supplies, and other purposes, which bids and
3 contracts may contain provisions which the department considers neces-
4 sary; but all contracts for construction shall require the filing of an
5 acceptable performance bond and a penalty provision for failure to per-
6 form the contract according to its terms, except as provided in AS 36.-
7 25.010(d) and (e);

8 * Sec. 3. AS 29.13.100 is amended by adding a new paragraph to read:

9 (38) AS 29.48.130(a)(12) (municipal exemption on contractor
10 bond requirements).

11 * Sec. 4. AS 29.48.130(a) is amended by adding a new paragraph to read:

12 (12) exempt bidders for contracts from compliance with general
13 requirements relating to payment and performance bonds in the construc-
14 tion or repair of municipal public works projects in the manner autho-
15 rized by AS 36.25.010(e).