

Offered: 4/18/84  
Referred: Rules

Original sponsor: Bettisworth

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 540 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to contractors' payment bonds."

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

8 \* Section 1. AS 36.25.010(a) is amended to read:

9 (a) Except as provided in AS 44.33.300, before a contract ex-  
10 ceeding \$100,000 for the construction, alteration, or repair of a  
11 public building or public work of the state or a political subdivision  
12 of the state is awarded to a general or specialty contractor, the  
13 contractor shall furnish to the state or a political subdivision of  
14 the state the following bonds, which become binding upon the award of  
15 the contract to that contractor:

16 (1) a performance bond with a corporate surety qualified to  
17 do business in the state, or at least two individual sureties who  
18 shall each justify in a sum equal to the amount of the bond; the  
19 amount of the performance bond shall be equivalent to the amount of  
20 the payment bond;

21 (2) a payment bond with a corporate surety qualified to do  
22 business in the state, or at least two individual sureties who shall  
23 each justify in a sum equal to the amount of the bond for the pro-  
24 tection of all persons who supply labor, materials, supplies, or  
25 equipment [AND MATERIAL] in the prosecution of the work provided for  
26 in the contract; when the total amount payable by the terms of the  
27 contract is not more than \$1,000,000, the payment bond shall be in a  
28 sum of one-half the total amount payable by the terms of the contract;  
29 when the total amount payable by the terms of the contract is more

1 than \$1,000,000 and not more than \$5,000,000, the payment bond shall  
2 be in a sum of 40 percent of the total amount payable by the terms of  
3 the contract; when the total amount payable by the terms of the con-  
4 tract is more than \$5,000,000, the payment bond shall be in the sum of  
5 \$2,500,000.

6 \* Sec. 2. AS 36.25.020(a) is amended to read:

7 (a) A person who furnishes labor, materials, supplies, or equip-  
8 ment [OR MATERIAL] in the prosecution of the work provided for in the  
9 contract for which a payment bond is furnished under AS 36.25.010 and  
10 who is not paid in full before the expiration of 90 days after the  
11 last day on which the labor is performed or materials, supplies, or  
12 equipment are [MATERIAL IS] furnished for which the claim is made, may  
13 sue on the payment bond for the amount unpaid at the time of the suit.

14 \* Sec. 3. AS 36.25.020(b) is repealed and reenacted to read:

15 (b) A person having direct contractual relationships with a  
16 subcontractor, but no contractual relationship express or implied with  
17 the contractor furnishing the payment bond, has a right of action on  
18 the payment bond only if written notice is provided to the contractor  
19 as follows: (1) for labor performed, notice shall be given not later  
20 than 90 days after the last date on which the person performed labor  
21 for which the claim is made; the notice shall state with substantial  
22 accuracy the amount claimed and the name of the subcontractor for whom  
23 the labor was performed and shall identify the public building project  
24 or public works project for which the labor was performed; (2) for  
25 materials, supplies, or equipment furnished, notice shall be given not  
26 later than 30 days after the first date on which the person furnished  
27 the materials, supplies, or equipment for which the claim is made; the  
28 notice shall state the name of the subcontractor to whom materials,  
29 supplies, or equipment were furnished, identify the public building

1 project or public works project for which the materials, supplies, and  
2 equipment were furnished, and describe the materials, supplies, and  
3 equipment. A notice under this subsection shall be served by mailing  
4 it by registered mail, postage prepaid, in an envelope addressed to  
5 the contractor at any place where the contractor maintains an office  
6 or conducts business, or the contractor's residence, or in any manner  
7 in which a peace officer is authorized to serve summons.

8 \* Sec. 4. AS 36.25.020 is amended by adding new subsections to read:

9 (d) Notice required under (b)(1) of this section shall be in a  
10 form substantially as follows:

11 NOTICE TO CONTRACTOR OF CLAIM AGAINST CONTRACTOR'S BOND  
12 BY PERSON PERFORMING LABOR FOR SUBCONTRACTOR

13 TO: \_\_\_\_\_  
14 \_\_\_\_\_

15 (name and address of contractor)

16 YOU ARE HEREBY NOTIFIED that the undersigned has, at the request  
17 of \_\_\_\_\_, performed labor in the  
18 (subcontractor)

19 construction, alteration, or repair of a public building or public  
20 work known as \_\_\_\_\_, that is located at

21 \_\_\_\_\_ . This labor was completed on  
(address or description of location)

22 \_\_\_\_\_ . Compensation is due in the amount of \_\_\_\_\_ .  
23 (date)

24 You are further notified that the contractor's bond shall be held for  
25 payment for this labor.

26 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

27 Name \_\_\_\_\_

28 Address \_\_\_\_\_

29 Signature of Owner or Officer of Firm \_\_\_\_\_  
or Individual who Performed Labor

1 Title \_\_\_\_\_

2 (e) Notice required under (b)(2) of this section shall be in a  
3 form substantially as follows:

4 NOTICE OF CLAIM AGAINST CONTRACTOR'S PAYMENT BOND BY PERSON  
5 FURNISHING MATERIALS, SUPPLIES, OR EQUIPMENT TO SUBCONTRACTOR

6 TO: \_\_\_\_\_

7 \_\_\_\_\_

8 (name and address of contractor)

9 YOU ARE HEREBY NOTIFIED that the undersigned has, on \_\_\_\_\_  
10 and at the request of \_\_\_\_\_, (date)  
11 (subcontractor)

12 commenced to deliver and furnish the following materials, supplies  
13 and equipment \_\_\_\_\_

14 \_\_\_\_\_  
15 \_\_\_\_\_  
16 for use in the construction, alteration or repair of a public building  
17 or public work known as \_\_\_\_\_, that is  
18 located at \_\_\_\_\_ . You are further  
19 (address or description of location)

20 notified that the contractor's bond shall be held for payment for  
21 these materials, supplies and equipment.

22 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

23 Name of Firm \_\_\_\_\_

24 Address of Firm \_\_\_\_\_

25 Signature of Owner or Officer \_\_\_\_\_

26 Title \_\_\_\_\_