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1 IN THE HOUSE

2

HOUSE BILL NO. 211

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST 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 the person provides written notice to the
19 contractor as follows: (1) for labor performed, the person shall give
20 notice not later than 90 days after the last date on which the person
21 performed labor for which the claim is made; the notice must state
22 with substantial accuracy the amount claimed and the name of the
23 subcontractor for whom the labor was performed and must identify the
24 public building project or public works project for which the labor
25 was performed; (2) for materials, supplies, or equipment furnished,
26 the person shall give the following notices: (A) notice not later than
27 30 days after the first date on which the person furnished the mate-
28 rials, supplies, or equipment for which the claim may be made; the
29 notice must state that the person has supplied or is supplying

1 materials, supplies, or equipment for which the person may make a
2 claim; the notice must state the name of the subcontractor to whom
3 materials, supplies, or equipment have been or are being furnished,
4 identify the public building project or public works project for which
5 the materials, supplies, or equipment have been or are being fur-
6 nished, give a general description of the materials, supplies, or
7 equipment that have been or are being furnished, and state that the
8 bond may be held for payment of the materials, supplies, or equipment
9 furnished if the person is not paid; and (B) give notice not later
10 than 90 days after the last date on which the person furnished the
11 materials, supplies, or equipment for which the claim is made; the
12 notice must state the name of the subcontractor to whom materials,
13 supplies, or equipment were furnished, identify the public building
14 project or public works project for which the materials, supplies, or
15 equipment were furnished, describe the materials, supplies, or equip-
16 ment furnished, and state with substantial accuracy the amount
17 claimed. The person shall serve each notice under this subsection by
18 mailing it by registered mail, postage prepaid, in an envelope
19 addressed to the contractor at a place where the contractor maintains
20 an office or conducts business, or the contractor's residence, or in a
21 manner in which a peace officer is authorized to serve summons.