

Introduced: 4/13/88  
Referred: Transportation, Labor and  
Commerce and Finance

go00648s

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

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SENATE BILL NO. 507

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to bonds of contractors for public  
buildings and works; and providing for an effective  
date."

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

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

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(a) Except as provided in AS 44.33.300, before a contract ex-  
ceeding the amounts specified in (1) and (2) of this subsection  
[\$100,000] for the construction, alteration, or repair of a public  
building or public work of the state or a political subdivision of the  
state is awarded to a general or specialty contractor, the contractor  
shall furnish to the state or a political subdivision of the state the  
following bonds, which become binding upon the award of the contract  
to that contractor:

(1) for a contract exceeding \$250,000, a performance bond  
with a corporate surety qualified to do business in the state, or at  
least two individual sureties who shall each justify in a sum equal to  
the amount of the bond; the amount of the performance bond shall be  
equivalent to the amount of the payment bond;

(2) for a contract exceeding \$100,000, a payment bond with  
a corporate surety qualified to do business in the state, or at least  
two individual sureties who shall each justify in a sum equal to the  
amount of the bond for the protection of all persons who supply labor  
and material in the prosecution of the work provided for in the con-  
tract; when the total amount payable by the terms of the contract is

1 not more than \$1,000,000, the payment bond shall be in a sum of  
2 one-half the total amount payable by the terms of the contract; when  
3 the total amount payable by the terms of the contract is more than  
4 \$1,000,000 and not more than \$5,000,000, the payment bond shall be in  
5 a sum of 40 percent of the total amount payable by the terms of the  
6 contract; when the total amount payable by the terms of the contract  
7 is more than \$5,000,000, the payment bond shall be in the sum of  
8 \$2,500,000.

9 \* Sec. 2. AS 44.33.300 is amended to read:

10 Sec. 44.33.300. WAIVER OF CERTAIN PROVISIONS. When the governor  
11 has by proclamation declared an area impacted by an economic disaster,  
12 the following provisions regarding public contracts may be waived to  
13 the extent specified in the proclamation:

14 (1) the requirement of a contractor's bond as prescribed in  
15 AS 36.25.010 may be waived if the contract amount does not exceed  
16 \$500,000 [\$100,000];

17 (2) the public bid requirements as contained in  
18 AS 19.10.170, AS 19.30.191(b), AS 35.15.010 -- 35.15.020, and AS 36.30  
19 (State Procurement Code) may be waived if the contract is to be per-  
20 formed by a contractor whose principal office is in the designated  
21 area and the contract amount does not exceed \$50,000;

22 (3) the general policy to require all construction to be  
23 under bid contract as contained in AS 19.10.170, AS 35.15.010, and  
24 AS 36.30 (State Procurement Code) may be waived if the contract is to  
25 be performed by the state, another governmental entity, or a nonprofit  
26 entity.

27 \* Sec. 3. This Act takes effect July 1, 1988.