

this chapter is subject to a civil fine not to exceed one thousand dollars or subject to suspension of the certificate of compliance, license, or permit for a period not to exceed thirty days one year, or to both civil fine and suspension. Civil fines imposed under this section shall be collected and retained by the division.

Sec. 5. Section 123.181, subsection 3, Code 1989, is amended by striking the subsection.

Approved May 29, 1989

CHAPTER 253

MORTGAGE SATISFACTION ACKNOWLEDGMENT

H.F. 556

AN ACT relating to increasing the penalty and providing for attorney fees for failure to acknowledge satisfaction of a mortgage within thirty days.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 655.2, Code 1989, is amended to read as follows:
655.2 PENALTY.

If the mortgagee, mortgagee's personal representative or assignee, or those legally acting for the mortgagee ~~fails fail~~ to do so within thirty days after being requested in writing after the mortgage has been satisfied in full, that person shall forfeit to the mortgagor or any grantee of the property who has paid the mortgage, the sum of ~~twenty-five~~ one hundred dollars plus reasonable attorney fees incurred by the mortgagor or grantee in securing the release of the mortgage.

A mortgagor or grantee who has sought relief under the provisions of section 535B.11 is not entitled to attorney fees under this section. A penalty shall not be assessed under this section if penalties have been assessed pursuant to section 535B.11.

Approved May 29, 1989

CHAPTER 254

OUT-OF-STATE CONTRACTOR'S BOND

H.F. 643

AN ACT relating to the filing of a bond by out-of-state contractors.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 91C.7, Code 1989, is amended to read as follows:
91C.7 STATE CONTRACTS.

1. A contractor who is not registered with the labor commissioner as required by this chapter shall not be awarded a contract to perform work for the state or an agency of the state.

2. An out-of-state contractor, before commencing a contract in excess of five thousand dollars in value in Iowa, shall file a bond with the division of labor services of the department of employment services. The surety bond shall be executed by a surety company authorized to do business in this state, and the bond shall be continuous in nature until canceled by the

surety with not less than thirty days' written notice to the contractor and to the division of labor services of the department of employment services indicating the surety's desire to cancel the bond. The bond shall be in the sum of the greater of the following:

a. One thousand dollars.

b. Five percent of the contract price.

Release of the bond shall be conditioned upon the payment of all taxes, including contributions due under the unemployment compensation insurance system, penalties, interest, and related fees, which may accrue to the state of Iowa or its subdivisions on account of the execution and performance of the contract. If at any time during the term of the bond the department of revenue and finance determines that the amount of the bond is not sufficient to cover the tax liabilities accruing to the state of Iowa or its subdivisions, the department shall require the bond to be increased by an amount the department deems sufficient to cover the tax liabilities accrued and to accrue under the contract. The department shall adopt rules for the collection of the forfeiture. Notice shall be provided to the surety and to the contractor. Notice to the contractor shall be mailed to the contractor's last known address and to the contractor's registered agent for service of process, if any, within the state. The contractor or surety shall have the opportunity to apply to the director of revenue and finance for a hearing within thirty days after the giving of such notice. Upon the failure to timely request a hearing, the bond shall be forfeited. If, after the hearing upon timely request, the department of revenue and finance finds that the contractor has failed to pay the total of all taxes payable, the department shall order the bond forfeited. The amount of the forfeiture shall be the amount of taxes payable or the amount of the bond, whichever is less. For purposes of this section "taxes payable" means all tax, penalties, interest, and fees that the department of revenue and finance has previously determined to be due to the state or a subdivision of the state by assessment or in an appeal of an assessment, including contributions to the unemployment compensation insurance system.

If it is determined that this subsection may cause denial of federal funds which would otherwise be available, or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the funds or to eliminate the inconsistency with federal requirements.

Sec. 2. Section 91C.8, subsection 2, unnumbered paragraph 1, Code 1989, is amended to read as follows:

If, upon investigation, the labor commissioner or the commissioner's authorized representative believes that a contractor has violated ~~either~~ any of the following, the commissioner shall with reasonable promptness issue a citation to the contractor:

Sec. 3. Section 91C.8, subsection 2, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. The requirement that an out-of-state contractor file a bond with the division of labor services.

Sec. 4. Section 103A.24, Code 1989, is repealed.

Approved May 29, 1989