

February 24, 1955.

House File 423

Judiciary 1.

By TATE, McNEAL, PENDLETON and SCHEERER.

Passed House, Date.....

Vote: Ayes..... Nays.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Approved

A BILL FOR

An Act relating to retained percentages of contract price on public improvements, and to provide for the substitution of a bond therefor, and to amend chapter five hundred seventy-three (573), Code 1954, relating thereto.

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

1 Section 1. Section five hundred seventy-three point two
2 (573.2), Code 1954, is amended by adding at the end thereof the
3 following: "Said bond may be conditioned to pay duly filed claims
4 which are filed and established under the provisions of this
5 chapter and said bond shall be substituted for the retained fund."

1 Sec. 2. Section five hundred seventy-three point thirteen
2 (573.13), Code 1954, is amended by adding at the end thereof the
3 following: "However, when the contractor has filed a satisfactory
4 surety bond with the corporation conditioned to pay any duly
5 filed and established claims under the provisions of this chapter,
6 the public corporation shall pay the contractor the whole amount
7 or balance due under the contract."

1 Sec. 3. This Act being deemed of immediate importance shall be in
2 full force and effect from and after its passage and publication
3 in the, a newspaper published

- 4 at....., Iowa, and in the,
5 a newspaper published at, Iowa.

EXPLANATION OF H. F. 423

Under the present law, 10 per cent of the contract price of public construction is retained for 30 days after the completion of a job for the payment of any claims for labor and material. Many times this works a great hardship upon the contractor by having large amounts of working capital tied up which is needed on subsequent jobs. It is proposed in this bill that the original performance surety bond be enlarged to cover these claims, and that the bond will be substituted for the retained fund. If the contractor and the surety do not want to include it in the bond, the law will remain and apply as it now is.

1 Amend House File 423 by striking section three (3) thereof.

Filed
March 8, 1955.

THOMPSON of Guthrie