

Senate File 2376 - Reprinted

SENATE FILE 2376
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO SF 576)
(SUCCESSOR TO SSB 1151)

(As Amended and Passed by the Senate March 2, 2026)

A BILL FOR

1 An Act relating to bonds and letters of credit for general
2 contractors and subcontractors.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **572A.1 Contractor performance bond**
2 **— registration requirement.**

3 1. A general contractor or subcontractor that engages in the
4 business of construction in this state shall obtain and maintain
5 an annual performance bond or irrevocable letter of credit in the
6 amount of fifty thousand dollars. The bond or letter of credit
7 shall be payable to the state of Iowa and executed by a surety
8 company or financial institution authorized to do business in
9 this state.

10 2. A bond or letter of credit required pursuant to this
11 section shall be filed with the state. The state or a political
12 subdivision of the state may enforce the requirements of this
13 section in connection with private construction work within its
14 jurisdiction and may bring an action on the bond or letter of
15 credit in the name of the state of Iowa for the use and benefit
16 of a private person or political subdivision harmed by the
17 contractor's or subcontractor's failure to perform contractual
18 obligations or for violation of this section or other applicable
19 law.

20 3. The aggregate liability of a surety company or financial
21 institution under a bond or letter of credit issued pursuant to
22 this section shall not exceed the penal sum of the bond or the
23 face amount of the letter of credit, regardless of the number of
24 claims made or actions brought.

25 4. A general contractor or subcontractor shall not register,
26 renew a registration, or conduct business as a general contractor
27 or subcontractor in this state unless the general contractor or
28 subcontractor has a bond or letter of credit as required by this
29 section.

30 5. a. Except as provided in paragraph "b", a political
31 subdivision of the state shall not, in connection with private
32 construction work, require a general contractor or subcontractor
33 to obtain or file a bond, letter of credit, or other financial
34 security, or require the issuance of a license or impose a
35 license fee or charge, except as expressly required by this

1 section or by other state or federal law.

2 *b.* A political subdivision of the state may require a
3 contractor or subcontractor to obtain or file a bond, letter of
4 credit, or other financial security for private construction work
5 that is performed in a public right-of-way.

6 6. This section does not apply to a general contractor or
7 subcontractor performing work for the state or a political
8 subdivision of the state, including work subject to the
9 requirements of chapter 8A, subchapter III.

10 7. For purposes of this section:

11 *a.* "*Construction*" means the improvement of real property,
12 including the performance of labor or furnishing of materials for
13 the alteration, repair, or erection of a building or structure.

14 *b.* "*General contractor*" means the same as defined in section
15 572.1.

16 *c.* "*Subcontractor*" means the same as defined in section
17 572.1.

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