

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:

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

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

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

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

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

1 by this 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
5 work 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
13 for the alteration, repair, or erection of a building or
14 structure.

15 *b.* "*General contractor*" means the same as defined in section
16 572.1.

17 *c.* "*Subcontractor*" means the same as defined in section
18 572.1.