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)

_____ = New Language by the Senate

A BILL FOR

An Act relating to bonds and letters of credit for general contractors and subcontractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

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

by this section or by other state or federal law.

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

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

7. For purposes of this section:

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

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

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