

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**      **S.F. No. 1673**

(SENATE AUTHORS: CARLSON)

DATE	D-PG	OFFICIAL STATUS
02/02/2012	3705	Introduction and first reading Referred to Jobs and Economic Growth
02/27/2012	3966	Withdrawn and re-referred to Local Government and Elections
03/12/2012	4310a	Comm report: To pass as amended
	4311	Second reading
03/28/2012	5256a	Special Order: Amended
	5256	Third reading Passed See HF2685, Art. 4, Sec. 44-45

A bill for an act

relating to performance bonds; modifying a cost threshold relating to public works contracts; exempting road maintenance on township roads from performance bond requirements; amending Minnesota Statutes 2010, section 574.26, subdivisions 1a, 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 574.26, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions: certain manufacturers; commissioner of transportation; road maintenance.** (a) Sections 574.26 to 574.32 do not apply to a manufacturer of public transit buses that manufactures at least 100 public transit buses in a calendar year. For purposes of this section, "public transit bus" means a motor vehicle designed to transport people, with a design capacity for carrying more than 40 passengers, including the driver. The term "public transit bus" does not include a school bus, as defined in section 169.011, subdivision 71.

(b) At the discretion of the commissioner of transportation, sections 574.26 to 574.32 do not apply to any projects of the Department of Transportation (1) costing less than ~~\$75,000~~ the amount in section 471.345, subdivision 3, or (2) involving the permanent or semipermanent installation of heavy machinery, fixtures, or other capital equipment to be used primarily for maintenance or repair.

(c) Sections 574.26 to 574.32 do not apply to contracts for snow removal, ice removal, grading, or other similar routine road maintenance on town roads.

Sec. 2. Minnesota Statutes 2010, section 574.26, subdivision 2, is amended to read:

Subd. 2. **Terms.** Except as provided in sections 574.263 and 574.264 or if the amount of the contract is ~~\$75,000 or less~~ than the amount in section 471.345, subdivision

**S.F. No. 1673, 2nd Engrossment - 87th Legislative Session (2011-2012) [S1673-2]**

2.1 3, a contract with a public body for the doing of any public work is not valid unless the  
2.2 contractor gives (1) a performance bond to the public body with whom the contractor  
2.3 entered into the contract, for the use and benefit of the public body to complete the  
2.4 contract according to its terms, and conditioned on saving the public body harmless from  
2.5 all costs and charges that may accrue on account of completing the specified work, and  
2.6 (2) a payment bond for the use and benefit of all persons furnishing labor and materials  
2.7 engaged under, or to perform the contract, conditioned for the payment, as they become  
2.8 due, of all just claims for the labor and materials. Reasonable attorneys' fees, costs, and  
2.9 disbursements may be awarded in an action to enforce claims under the act if the action is  
2.10 successfully maintained or successfully appealed.

2.11 Sec. 3. **EFFECTIVE DATE.**

2.12 Sections 1 and 2 are effective the day following final enactment.