

## CHAPTER 574

## BONDS, FINES, FORFEITURES

574.26	Contractors' bonds.
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574.264	Security in lieu of bond.

**574.26 CONTRACTORS' BONDS.**

Except as provided in sections 574.263 and 574.264, a contract with the state, or with any municipal corporation or other public board or body thereof, for the doing of any public work, is not valid unless the contractor shall give bond to the state or other body contracted with, for the use of the obligee, the state and of all persons doing work or furnishing skill, tools, machinery, or materials or insurance premiums or equipment or supplies for any camp maintained for the feeding or keeping of men and animals engaged under, or for the purpose of, such contract, conditioned for the payment, as they become due, of all just claims for such work, tools, machinery, skill, materials, insurance premiums, equipment, taxes incurred under section 290.92 or chapter 297A, and supplies for the completion of the contract in accordance with its terms, for saving the obligee harmless from all costs and charges that may accrue on account of the doing of the work specified, and for the enforcing of the terms of the bond if action is brought on the bond, including reasonable attorney's fees, in any case where such action is successfully maintained and for the compliance with the laws appertaining thereto. The penalty of such bond shall be not less than the contract price, and if after the giving of the bond the contract price should for any reason be increased, the obligee may require an additional bond, the penalty of which shall be not less than the amount of such increase, and if such additional bond be not furnished within ten days after such demand, the work on the contract shall cease until such additional bond shall have been furnished. In contracts made by the commissioner of administration or the department of transportation of the state, the penalty of the bond shall be in such amount as the commissioner of administration or the commissioner of transportation may fix, but not less than three-quarters of the contract price.

**History:** 1985 c 112 s 2

**574.263 FORESTRY DEVELOPMENT PROJECTS.**

Subdivision 1. **Definition.** For the purposes of this section and section 574.264, "forestry development project" includes site preparation by discing, shearing, rock raking or piling, patch scarification, or furrowing; tree planting; tree seeding; tree pruning; timber stand improvement by thinning or clearing existing forest trees by manual, mechanical, or chemical techniques; or forest road and bridge construction, reconstruction, and maintenance.

Subd. 2. **Contractor's bond.** A contract with the state for a forestry development project may require a performance bond at the discretion of the commissioner of natural resources. If the commissioner determines that a performance bond is required, it shall not be less than five percent of the contract price.

Subd. 3. **Bid deposit.** For a contract made by the commissioner for a forestry development project, the commissioner may require a bid deposit in lieu of a performance bond for charges that may accrue because of doing the specified work and to enforce the terms of the contract, including reasonable attorney's fees if an

action is successful. The commissioner may set the amount of the bid deposit, but it may not be less than five percent of the contract price.

**History:** 1985 c 112 s 3

#### **574.264 SECURITY IN LIEU OF BOND.**

**Subdivision 1. Forest development projects.** For a state contract for a forestry development project if the amount of the contract is not more than \$20,000, the person required to file the bond or bid deposit may deposit in a local designated state depository or with the state treasurer a certified check, a cashier's check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit, in the same amount that would be required for a bond or bid deposit. If securities listed in this section are deposited, their value shall not be less than the amount required for the bond or bid deposit and the person required to file the performance bond or bid deposit shall submit an agreement authorizing the commissioner to sell or otherwise take possession of the securities in the event of default under the contract. The security deposits are for the protection of the state and for the performance and completion of the contract in accordance with its terms and as security for all costs and charges that may accrue for the doing of the work specified and compliance with the laws relating to it.

**Subd. 2. Claims against bid deposits.** The bid deposit is subject to claims as provided for other deposits in section 574.261, subdivision 2.

**History:** 1985 c 112 s 4