

1 ENGROSSED HOUSE  
2 BILL NO. 3876

By: Wallace of the House

3 and

4 Rosino of the Senate  
5

6 An Act relating to public buildings and public works;  
7 amending 61 O.S. 2011, Section 2, as last amended by  
8 Section 1, Chapter 407, O.S.L. 2019 (61 O.S. Supp.  
9 2019, Section 2), which relates to subcontractors  
10 actions on bonds; providing a right of action against  
11 at-risk construction management payment bonds;  
12 limiting right of action; and providing an effective  
13 date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 61 O.S. 2011, Section 2, as last  
16 amended by Section 1, Chapter 407, O.S.L. 2019 (61 O.S. Supp. 2019,  
17 Section 2), is amended to read as follows:

18 Section 2. A. Bonds shall be filed in the office of the  
19 agency, institution, department, commission, municipality or  
20 government instrumentality that is authorized by law and does enter  
21 into contracts for the construction of public improvements or  
22 buildings, or public or private improvements or buildings on a  
23 public-private partnership project, or repairs to the same; and the  
24 officer with whom the bond is filed shall furnish a copy thereof to  
any person claiming any rights thereunder. Any person to whom there  
is due any sum for labor, material or repair to machinery or

1 equipment, furnished as stated in Section 1 of this title, the heirs  
2 or assigns of such person, may file a claim or bring an action on  
3 the bond for the recovery of the indebtedness, provided that no  
4 action shall be brought on the bond after one (1) year from the day  
5 on which the last of the labor was performed or material or parts  
6 furnished for which the claim is made unless a prior claim has been  
7 filed within one (1) year from the day on which the labor was  
8 performed or material or parts furnished, in which case, no action  
9 shall be brought on the bond after two (2) years from the day on  
10 which the last of the labor was performed or material or parts  
11 furnished for which the claim is made.

12 B. 1. Any person having direct contractual relationship with a  
13 subcontractor, regardless of tier, performing work on the contract,  
14 but no contractual relationship express or implied with the  
15 contractor furnishing the payment bond, shall have a right of action  
16 upon the payment bond only upon giving written notice to the  
17 contractor and surety on the payment bond within ninety (90) days  
18 from the date on which such person did or performed the last of the  
19 labor or furnished or supplied the last of the material or parts for  
20 which the claim is made, stating with substantial accuracy the  
21 amount claimed and the name of the party to whom the material or  
22 parts were furnished or supplied or for whom the labor was done or  
23 performed. The notice shall be served by mailing the same by  
24 registered or certified mail, postage prepaid, in an envelope

1 addressed to the contractor at any place the contractor maintains an  
2 office or conducts business, together with a copy thereof to the  
3 surety or sureties on the payment bond.

4 2. With regard to an at-risk construction management contract,  
5 under which the at-risk construction manager, or a trade contractor  
6 under either an agency or an at-risk construction management  
7 contract, is required to furnish a payment bond, only persons having  
8 a direct contractual relationship with the party furnishing the  
9 payment bond shall have a right of action upon the payment bond in  
10 the same manner as set forth in subsection A of this section.

11 C. 1. The bond or irrevocable letter of credit issued to the  
12 Department of Transportation or the Oklahoma Turnpike Authority,  
13 pursuant to this section, shall also provide that the contractor  
14 shall pay all state and local taxes accruing as a result of the  
15 contract, any liquidated damages as provided by the contract and any  
16 overpayment of progressive estimates resulting in a balance due and  
17 owing the Department of Transportation or the Oklahoma Turnpike  
18 Authority.

19 2. A claim against the bond or irrevocable letter of credit for  
20 delinquent taxes shall be made by the public entity to which the tax  
21 was payable. The claim shall be made within six (6) months from the  
22 date on which the tax became delinquent. Notice of the delinquent  
23 tax shall be sent by certified mail to the surety, and a copy of the  
24 notice shall be sent to the contractor. Nothing in this paragraph

1 shall be construed to release, at any time, the contractor from  
2 responsibility for full payment of all taxes.

3 3. A claim against the bond or irrevocable letter of credit for  
4 overpayment on progressive estimates shall be made by the public  
5 entity within one (1) year from the date of final acceptance of the  
6 project. Notice of the overpayment shall be sent by certified mail  
7 to the surety and a copy of the notice shall be sent to the  
8 contractor. Nothing in this paragraph shall be construed as to  
9 release, at any time, the contractor from the responsibility of  
10 refunding any amount overpaid on progressive estimates which are due  
11 and owing the Department of Transportation.

12 SECTION 2. This act shall become effective November 1, 2020.

13 Passed the House of Representatives the 2nd day of March, 2020.

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16 Presiding Officer of the House  
of Representatives

17 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2020.

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20 Presiding Officer of the Senate  
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