

**60-1112. Certificate of deposit authorized for state capital improvement projects.** (a) The director of purchases may accept a certificate of deposit payable to the state instead of any required surety bond from a bidder or contractor in the case of any contract for construction, repairs or improvements under K.S.A. 75-3739, 75-3741 or 60-1111 and amendments thereto. Each such certificate of deposit shall be in an amount which is at least equal to the contract price, shall be subject to forfeiture to the state and shall be in a form and under such other conditions as may be applicable and prescribed by the director of purchases for surety bonds and in accordance with this section.

(b) Each such certificate of deposit shall be retained by the state for at least six months after the final acceptance of the construction, repairs or improvements for which the contract was entered into. At the end of such period, the certificate of deposit may be endorsed back to the vendor or bidder if there are no claims by the state under the contract for which the certificate of deposit was accepted under this section or by any person making a claim against the certificate of deposit under subsection (c). All interest accruing under any such certificate of deposit shall belong to the bidder or contractor unless the certificate of deposit is forfeited to the state or as otherwise provided under subsection (c).

(c) (1) In any case of a breach of performance under a contract for construction, repairs or improvements for which a certificate of deposit was accepted under this section, the director of purchases shall determine the amount of money needed to remedy such breach and may set off the amount from the moneys on deposit under the certificate of deposit, after notice to the contractor of such breach and the amount determined by the director therefor.

(2) In any case of a claim against a certificate of deposit accepted under this section for labor furnished, materials, equipment or supplies used or consumed in connection with or for the contract for construction, repairs or improvements, the director of purchases may pay such claim from the moneys on deposit under the certificate of deposit if the contractor does not dispute such claim or the amount thereof. If the contractor disputes any such claim or the amount thereof, the director of purchases may interplead such claim or claims in the district court for a county where the construction, repairs or improvements are located. The director of purchases may file an original action to resolve such claim or claims, if necessary, and pay any moneys remaining from the certificate of deposit into the district court therefor.

**History:** L. 1983, ch. 290, § 1; July 1.