

grants to political subdivisions by the commissioner of transportation for the construction and reconstruction of key bridges on the following road systems:

1. County highway systems . . . \$27,000,000
2. Municipal street systems . . . 8,000,000
3. Township road systems . . . 15,000,000

Sec. 4. This act is effective July 1, 1977.

Approved May 26, 1977.

CHAPTER 278—H.F.No.808

An act relating to local improvement; contracts; requiring percentage payments thereunder, and requiring payment of interest on money due and not paid in accordance with the contract; amending Minnesota Statutes 1976, Section 429.041, Subdivision 6.

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

Section 1. Minnesota Statutes 1976, Section 429.041, Subdivision 6, is amended to read:

Subd. 6. **MUNICIPALITIES; LOCAL IMPROVEMENTS; PERCENTAGE PAYMENT ON ENGINEER'S ESTIMATE.** In case the contractor properly performs the work, the council may shall, from month to month before completion of the work, pay him not to exceed 90 percent of the amount already earned under the contract, upon the estimate of the engineer or other competent person selected by the council, and the contract may shall so provide, and may shall further agree that when the work is 90 percent or more completed upon the recommendation of the engineer such portions of the retained price may shall be released as the governing body of the municipality determines are not required to be retained to protect the municipality's interest in satisfactory completion of the contract. Failure to pay any amount due and payable under the terms of the contract within 30 days of a monthly estimate or 90 days after the final estimate of the amount earned shall obligate the municipality to pay to the contractor simple interest on the past due amount at an annual rate equal to the monthly index of long term United States bond yields for the month prior to the month in which this obligation is incurred plus an additional one percent per annum. Interest shall not be imposed with respect to any amount which a municipality may legally withhold as a result of breach of contract or other contractual claim.

Approved May 26, 1977.

Changes or additions indicated by underline deletions by ~~strikeout~~