

## Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** HB851

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

2. **Patron**    Albo

3. **Committee**    Passed Both Houses

4. **Title**    Public Procurement Act; performance and payment bonds.

5. **Summary/Purpose:** This legislation clarifies that upon the award of any contract exceeding \$100,000 by a public body for the performance of labor or the furnishing of materials for buildings, structures, or other improvements to real property owned by that public body, a prime contractor must supply that public body with a performance bond in the amount of the contract sum and a payment bond in the amount of the contract sum. A performance bond protects a public body against the prime contractor's failure to comply with the plans, specifications, and conditions of the contract. A payment bond ensures those persons or vendors who supply the prime contractor with labor or materials will be paid for that labor or material.

6. **No Fiscal Impact.**

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** None. As enrolled, this legislation merely clarifies an existing statute.

9. **Specific agency or political subdivisions affected:** This legislation affects all public bodies of the Commonwealth.

10. **Technical amendment necessary:** No.

11. **Other comments:** None.

**Date:** 03/21/02/PXV

**Document:** G:\2002 Legislation\House bills\HB851 ER.DOC

cc: Secretary of Administration