

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB1259

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Janis

3. Committee Passed Both Houses

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

5. Summary/Purpose:

Adds a provision that for the award of any construction contract exceeding \$100,000 in which the performance of labor or the furnishing of materials will be paid with public funds, the contractor must furnish to the public body performance and payment bonds. In addition, the bill provides that performance and payment bonds are required for construction contracts exceeding \$100,000 awarded to any prime contractor requiring the performance of labor or the furnishing of materials for buildings, structures, or other improvements to real property leased by a public body.

6. Fiscal impact cannot be specifically determined. See Item 8.

7. Budget amendment necessary: No

8. Fiscal implications: This proposal adds the requirement to obtain performance and payment bonds for construction projects undertaken in spaces leased by public agencies. There is a cost to contractors to obtain these bonds. This cost, which normally gets passed on to the contracting public agency, is about one percent per type of bond. For a \$100,000 contract, the contractor costs would be about \$2,000.

9. Specific agency or political subdivisions affected: Department of General Services, all public bodies.

10. Technical amendment necessary: No

11. Other comments: None.

Date: 03/06/06 / amk

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cc: Secretary of Administration