

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB187

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Marshall, R.G.

3. Committee: General Laws

4. Title: **Public Procurement Act; expands forms of bid, payment, and performance security.**

5. Summary: This bill expands the forms of alternate bid, payment, and performance security that may be used to include a bond provided or executed by an individual surety provided that (i) the person acting as the individual surety transacts business only through an insurance agency licensed by the Bureau of Insurance of the State Corporation Commission; (ii) the person acting as the individual surety provides an affidavit of individual surety in a form acceptable to the Department of General Services; and (iii) pledges certain assets in the amount equal to 100 percent of the contract value for the total penal amount of the performance and payment bonds or the penal amount of the bid as required by the bid bond.

6. Fiscal Impact Estimates: See Item 8.

7. Budget Amendment Necessary: No

8. Fiscal Implications: The fiscal impacts are indeterminate. There may be an increase in cost to the individual surety by requiring the individual surety to transact business through an insurance agency. This cost would likely be passed on to the owner/agency.

9. Specific Agency or Political Subdivisions Affected: All agencies that issue contracts requiring a bid, payment or performance bond.

10. Technical Amendment Necessary: No

11. Other Comments: Same as HB 426.

Date: 1/14/2008 dpb

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cc: Secretary of Administration