

SENATE BILL REPORT

SB 5595

As of February 12, 1997

Title: An act relating to competitive bidding procedures.

Brief Description: Allowing for a waiver of bidding requirements for certain municipal contracts with a value of less than twenty thousand dollars.

Sponsors: Senators Haugen, Wood, Hale and Winsley.

Brief History:

Committee Activity: Government Operations: 2/21/97.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Staff: Diane Smith (786-7410)

Background: Statutory competitive bidding requirements involve formal, sealed bidding after notification by publication of the existence and terms of a contract opportunity offered by a municipality. It is considered to be an expensive process both for the municipality and the contractor.

A good and sufficient bond is required from all those who contract to do work for municipalities. The purpose of the bond is to ensure that all contract provisions are honored and that all laborers and materialmen are paid.

All contracts for public works to be performed for municipalities must provide that up to 5 percent of the moneys earned by the contractor be retained as a trust fund for the payment of claims arising under the contract and for the payment of taxes owed by the contractor. The retainage must be released to the contractor 60 days after completion of the contract if not subject to claim for labor, material or taxes.

Summary of Bill: Municipalities are given the option of waiving either or all competitive bidding procedures, bonding requirements and retainage requirements for public works contracts with an estimated value of less than \$20,000.

Procedural safeguards are required. The municipality must pledge to pay any liens which may accrue.

The Joint Legislative Audit and Review Committee must review the implementation of this exemption and report to the appropriate legislative committees by January 1, 2002.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.