

# SENATE BILL REPORT

## HB 1460

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As of March 18, 2005

**Title:** An act relating to county contracts for construction, maintenance, or repair of a marine vessel.

**Brief Description:** Regulating county contracts for marine vessels.

**Sponsors:** Representatives Green, Shabro, Flannigan, Talcott, Morrell and Lantz.

**Brief History:**

**Committee Activity:** Transportation:

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Janice Baumgardt (786-7319)

**Background:** Under current law, a contractor's bond for all public works contracts in excess of \$25,000 must be in an amount equal to the full contract price. As an exception to this rule, the Department of Transportation (DOT) may substitute alternative forms of security in lieu of the bond for the construction, maintenance, or repair of marine vessels. Acceptable alternative forms of security include: certified check, replacement bond, cashier's check, treasury bill, an irrevocable bank letter of credit, or assignment of a savings account. Also authorized are other liquid assets approved by the Secretary of DOT as well as a combination of a bond and an alternative form of security. The security must be in an amount adequate to protect one hundred percent of the state's exposure to loss. The DOT must adopt rules that establish the procedures for determining the state's exposure to loss on these contracts.

**Summary of Bill:** Counties are given an exemption similar to the DOT with the county engineer as the approving authority.

Counties may permit alternative forms of security in lieu of the bond for the construction, maintenance, or repair of marine vessels. The county engineer may also approve other liquid assets or a combination of a bond and an alternative form of security. Counties must develop and adopt an ordinance establishing a procedure for determining the county's exposure to loss on these contracts before they may award a contract limiting the security to the county's exposure to loss.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.