

**HB 1957-S - DIGEST**

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Requires that, on highway construction contracts administered by the department of transportation with an estimated contract price of eighty million dollars or more, the department shall fix the amount of the bond to adequately protect one hundred percent of the state's exposure to loss. The amount of the bond shall not be less than eighty million dollars.

Requires the department to develop risk assessment guidelines before implementing this act and gain approval of those guidelines from the office of financial management. The guidelines must include a clear process for how the department measures the state's exposure to loss and how the bond amount adequately protects one hundred percent of the state's exposure to loss.

Provides that, if the office of financial management approves the risk management guidelines in this act, the secretary of transportation must approve each bond issued for less than the full contract price of a project.

Directs the department to report to the house of representatives and senate transportation committees by December 1, 2008, regarding: The number of projects where the department authorized bonds for less than the full contract price; the difference between the project amount and the bond requirement; the number of bidders on the project; and other information that documents the effects of the reduced bond amounts on the project.