

## **FINAL BILL ANALYSIS**

**BILL #:** HB 985

**FINAL HOUSE FLOOR ACTION:**  
116 Y's 0 N's

**SPONSOR:** Rep. Burgin

**GOVERNOR'S ACTION:** Approved

**COMPANION BILLS:** SB 2070

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## **SUMMARY ANALYSIS**

HB 985 was passed by the House on April 27, 2011, and subsequently passed the Senate on May 2, 2011. The bill was approved by the Governor on June 21, 2011, chapter 2011-254, Laws of Florida, and took effect June 21, 2011. The bill extends the expiration of ch. 2004-414, L.O.F, from September 30, 2011, to September 30, 2016. This act authorizes Hillsborough County to waive payment and performance bond requirements on specified projects to encourage local small businesses to participate in county procurement programs.

The bill does not appear to have a fiscal impact on state government. The county has indicated there have been no losses or defaults under this program.

The bill appears to provide an exemption to s. 255.05, F.S.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Present Situation

Section 255.05(1), F.S., requires any person entering into a contract with the state, or any local government, for the construction or repair of a public building or public work, to purchase a payment and performance bond. Such bond is to be conditioned upon the contractor's performance of the construction work in the time and manner prescribed in the contract, and the contractor's promptly making payments to all suppliers and subcontractors. A local government may waive the requirement of a payment and performance bond for contracts of \$200,000 or less.

Under current law, for those contracts for which a payment and performance bond has been waived, the county must pay all persons defined in s. 713.01, F.S., who furnish labor, services, or materials, to the same extent and upon the same conditions that a surety on the payment bond would have been obligated to pay.

Chapter 2004-414, L.O.F, exempts Hillsborough County from s. 255.05(1), F.S. It authorizes Hillsborough County to waive payment and performance bond requirements for construction or repair projects that cost \$500,000 or less and are awarded pursuant to an economic development program that encourages small businesses to participate in county procurement programs. A small business that has been the successful bidder on five projects where the bond has been waived is ineligible to bid on additional projects where the bond has been waived and that cost not less than \$200,000 and not more than \$500,000. Currently, the act expires September 30, 2011.

The county has indicated there have been no losses or defaults to date with this program.<sup>1</sup>

#### Effect of the Bill:

The bill extends the expiration of the act from September 30, 2011, to September 30, 2016.

The bill takes effect upon becoming a law.

## II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? January 25, 2011.

WHERE? *The Tampa Tribune*, a daily newspaper of general circulation published in Hillsborough County, Florida.

B. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?

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<sup>1</sup> Information from a white paper submitted to and on file with the Community & Military Affairs Subcommittee.

**C. LOCAL BILL CERTIFICATION FILED?** Yes  No

**D. ECONOMIC IMPACT STATEMENT FILED?** Yes  No

The county has indicated that the county has experienced no losses or defaults as a result of the projects in which bond requirements were waived.<sup>2</sup>

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<sup>2</sup> Ibid.