



**Colorado
Legislative
Council
Staff**

SB17-211

**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 16, 2017)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0700

Date: April 19, 2017

Prime Sponsor(s): Sen. Scott
Rep. Lawrence; Kraft-Tharp

Bill Status: House Transportation
Fiscal Analyst: Kori Donaldson (303-866-4976)

BILL TOPIC: CONTRACTOR SURETY BONDS FOR PUBLIC PROJECTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Potential workload increase. See State Expenditures section.	
Appropriation Required: None.		
Future Year Impacts: Potential ongoing workload increase.		

Summary of Legislation

Under the *reengrossed bill*, the Colorado Department of Transportation (CDOT) cannot eliminate a contractor from consideration of award for a public project solely on the basis of any financial statement that the contractor submitted as part of the CDOT pre-qualification process.

Background

When a contractor submits a bid for a construction project anticipated to cost more than \$50,000, state law almost always requires that the bid proposal include a bid security bond for 5 percent of the contract price. Bid bonds are used to ensure that contractors submit serious bid proposals. A bid security bond is a guarantee made by an insurance company that a bidder has the capacity to complete a project if his or her bid is selected during the bid process. In addition to requiring bid bonds for projects, CDOT also requires contractors to submit a bond capacity letter annually as part of its pre-qualification process. The bond capacity letter states a contractor's single job capacity.

State Expenditures

The bill may increase workload in CDOT if the change in process leads the department to consider bids that it otherwise would not have considered based on information provided in a bond capacity letter. The workload increase can be accomplished within existing appropriations.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Transportation

Research Note Available

An LCS Research Note for SB17-211 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.