



**Colorado
Legislative
Council
Staff**

SB17-211

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0700 **Date:** September 12, 2017
Prime Sponsor(s): Sen. Scott **Bill Status:** Signed into Law
 Rep. Lawrence; Kraft-Tharp **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	Workload increase.	
Appropriation Required: None.		
Future Year Impacts: Potential ongoing workload increase.		

Summary of Legislation

The bill requires the Department of Transportation (CDOT) to update its bidding rules regarding prequalification requirements. CDOT must develop a policy regarding how previous relevant experience and the bonding capacity of a contractor will be considered when evaluating proposals and bids submitted for public projects.

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

In FY 2017-18, the bill will increase workload in CDOT to update its bidding rules and to develop a new policy. There may be an ongoing workload increase associated with any changes to the review of bid proposals under the new policy. The workload increase can be accomplished within existing appropriations.

Effective Date

The bill was signed into law by the Governor on June 6, 2017, and it became effective on August 9, 2017.

State and Local Government Contacts

Transportation