



## **SUPPORT HB 1383: BONDING FOR CONSTRUCTION CONTRACTS ON PUBLIC PROPERTY THAT USE PRIVATE FINANCING**

**Intent: Apply current bonding requirements for public construction and maintenance projects to construction and maintenance projects on public property that use private financing.**

- Under current CO statutes taxpayers, subcontractors and material suppliers have payment protection on public projects via bonding requirements and on private projects via mechanic's lien rights. No such payment protection exists on projects using a public/private partnership funding agreement.
- Subcontractors and suppliers extend large amounts of credit on construction projects. They pay most of the laborers, vendors, and taxes even before submitting an invoice for their work to their prime contractor client.
- Bonding protects the public interest and tax monies/properties of public entities
- Bonding ensures subcontractors and suppliers involved in the construction or repair of a property are paid should a problem with the financing or failure of an upstream party arise.

**What the bill does:**

- **WITHOUT DEFINING PUBLIC/PRIVATE PARTNERSHIPS**, uses the language in current statute regarding bonding requirements and conditions for public projects and applies them to projects covered by a public/private partnership.
- Only requires that the construction phase of the project be bonded. This bill does not require a bond for concession phase.

What the bill does NOT do:

- Create new thresholds for bonding of any project involving public monies or property
- Create new types of construction that must be covered involving public monies or property
- Add new language that is undefined in current statute

Public/Private Partnerships (P3s), historically used for traditional transportation infrastructure projects like turnpikes, are increasingly being used to finance vertical construction projects and maintenance in Colorado. While the construction industry supports these types of financing agreements, subcontractors performing the work and suppliers providing the materials are at risk of not being paid should an agreement fall apart through no fault of their own. The construction of the Elephant Pavilion at the Denver Zoo is such an instance. **This bill will provide the same protection for these subcontractors and suppliers as is provided in current law for projects fully funded using public resources.**