

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 985 Hillsborough County

SPONSOR(S): Burgin

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Community & Military Affairs Subcommittee	15 Y, 0 N	Tait	Hoagland
2) Government Operations Subcommittee			
3) Economic Affairs Committee			

SUMMARY ANALYSIS

Hillsborough County is authorized to waive payment and performance bond requirements on projects to encourage local 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.

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

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 has an effective date of upon becoming law.

House Rule 5.5(b), states that a local bill that provides an exemption from general law may not be placed on the Special Order Calendar in any section reserved for the expedited consideration of local bills. This bill appears to provide an exemption to s. 255.05, F.S.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Section 255.05(1), F.S., requires that 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, must 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 is required to pay all persons defined in section 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, Laws of Florida, 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.¹

Effect of Proposed Changes

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

B. SECTION DIRECTORY:

Section 1: Extends expiration date of the act.

Section 2: Provides an effective date of upon becoming 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 Brevard County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

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

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached 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.²

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

House Rule 5.5(b), states that a local bill that provides an exemption from general law may not be placed on the Special Order Calendar in any section reserved for the expedited consideration of local bills. This bill appears to provide an exemption to s. 255.05, F.S.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

² Ibid.