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**Transportation Committee**

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**ESB 5208**

**Brief Description:** Regarding bond amounts for certain department of transportation highway construction contracts.

**Sponsors:** Senators Swecker, Marr and Haugen.

**Brief Summary of Engrossed Bill**

- Authorizes the Washington State Department of Transportation to establish surety bond requirements for highway construction projects costing \$80 million or more at an amount to protect 100 percent of the state's exposure to loss.

**Hearing Date:** 2/26/08

**Staff:** Jeff Olsen (786-7157).

**Background:**

Whenever a public body contracts with a person or corporation to do work for the state, that person is required to obtain a surety bond. The surety bond guarantees the person will perform all of the provisions of the contract. If a contractor does not complete a project as specified in his or her contract, the issuer of the performance bond becomes liable for completing the project or for financial compensation. The Washington State Department of Transportation (WSDOT) currently requires all contractors to secure a performance bond for an amount equal to 100 percent of the contract value on a project.

**Summary of Bill:**

The WSDOT must establish surety bond requirements for highway construction projects costing \$80 million or more at an amount to protect 100 percent of the state's exposure to loss. The amount of the bond must not be less than \$80 million.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.