

FINAL BILL REPORT

SB 6577

C 163 L 02
Synopsis as Enacted

Brief Description: Prohibiting substitution of subcontractors on larger public works contracts.

Sponsors: Senators Gardner, Roach and Costa.

Senate Committee on State & Local Government
House Committee on State Government

Background: Bid shopping refers to a general or prime contractor's supposed attempt to reduce its own costs, after being awarded a contract, by finding a subcontractor that will submit a lower bid than that used in calculating the total contract price. Some believe bid shopping in public works projects gives the general contractor a windfall profit at the expense of taxpayers, as the savings generated by bid shopping are not passed on to the governmental unit contracting out the work.

Summary: A prime contract bidder must submit, as part of every bid for a public works project that is expected to cost \$1 million or more, who will subcontract for performance of HVAC (heating, ventilation and air conditioning), plumbing, and electrical work. The prime contract bidder cannot list more than one subcontractor for each category of work identified. Substitution of a listed subcontractor in furtherance of bid shopping before or after the award of the prime contract is prohibited and the originally listed subcontractor is entitled to recover damages from the prime bidder and the substituted subcontractor, but not from the public entity inviting the bid. The original subcontractor must prove by a preponderance of the evidence that bid shopping has occurred. Failure to include the names of such subcontractors, or to name itself to perform such work, or naming two or more subcontractors to perform the same work, renders the prime contract bidder's bid nonresponsive and therefore void. Situations where a prime contractor can substitute a listed subcontractor are included.

Votes on Final Passage:

Senate	41	8	
House	93	0	(House amended)
Senate	43	0	(Senate concurred)

Effective: June 13, 2002