

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 681 - HB 981

February 23, 2017

SUMMARY OF BILL: Clarifies that bonds required from contractors on any city, county or state authority public works contract exceeding \$100,000 must be no less than, rather than equal to, 25 percent of the total contract price.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 12-4-201(a), city, county, and state authority public works contractors are required to obtain a good and solvent bond in the amount of 25 percent of the total cost of a contract exceeding \$100,000 written by a surety or insurance company licensed to do business in Tennessee that indicates the contractor will pay for all the labor and materials used by the contractor or any subcontractor.
- Any fiscal impact to state and local government resulting from the clarification that 25 percent of the contract price is the minimum bond amount required for contractors on contracts exceeding \$100,000 is estimated to be not significant.
- Any fiscal impact to state and local government resulting from changes in public works advertisements regarding bond conditions is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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