

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6979**

**BILL NUMBER:** HB 1163

**NOTE PREPARED:** Jan 30, 2012

**BILL AMENDED:** Jan 25, 2012

**SUBJECT:** Bonding and Retainage in Public Works Projects.

**FIRST AUTHOR:** Rep. Torr

**FIRST SPONSOR:** Sen. Banks

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides that a person who has a claim against the retainage or the payment bond of a contractor on a public works project must make the claim and deliver a copy of the claim to the contractor not later than stated times after that person performed the service or labor or supplied the materials for the public works project.

The bill decreases the amount that may be withheld on state public works projects upon substantial completion to cover remaining uncompleted minor items.

It makes stylistic and technical changes.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** The bill changes the amount that may be retained by the Division of Public Works (DPW) for uncompleted minor items from 400% to 200% of the value of each item. It also allows the DPW to withhold the amount of the claim from a contractor when the DPW has received a claim from a subcontractor. Neither of these changes affects the total cost of the project and may only minimally increase accounting workload.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DPW.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Karen Firestone, 317-234-2106.