

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 489
Version: First Engrossment

DATE: February 9, 2001

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Subject: Surety Bonds

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Overview

This bill involves surety bonds required by the state or by local governmental units in connection with government construction contracts. Surety bonds involve a surety or insurance company providing a bond guaranteeing the government that the contractor is qualified to perform the work. This bill prohibits a practice known as "directed surety."

Section

- 1 **Surety bonds.** Prohibits the state and local governments from requiring that surety bonds required of contractors on government construction projects be obtained from a particular company or agent. Permits the governmental unit to set other requirements for surety bonds.