

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 265** SLS 24RS 346

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 21, 2024	8:50 AM	Author: WOMACK
Dept./Agy.: Statewide		Analyst: Kimberly Fruge
Subject: Defenses available to a surety/Exemptions for projects		

CONTRACTS RE NO IMPACT See Note Page 1 of 1
Provides relative to public contracts and public works. (gov sig)

Current law provides that the payment provisions of all bonds furnished for public work contracts are required to be construed as and deemed statutory bond provisions.

Proposed law clarifies that a surety who has furnished a bond is not precluded from asserting any defense to the principal obligation that its principal could assert except lack of capacity or discharge in bankruptcy of the principal obligor. Proposed law requires the surety to issue payment to a materialman for claims by a materialman under certain conditions.

Proposed law exempts all contracts for projects that are directly associated with the preparation of Super Bowl LIX that are not in excess of \$150,000 from the provisions of current law relative to public works contracts. This exemption is valid until February 10, 2025.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law provides for defenses available to a surety who has provided a bond for a public works contract and requires a surety to issue payment to a materialman for claims by a materialman under certain conditions. Proposed law also provides for an exemption for all contracts for projects that are directly associated with the preparation of Super Bowl LIX that are not in excess of \$150,000 from the provisions of current law relative to public works contracts.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer