

House Bill 3062

Sponsored by Representative HANNA

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Allows contracting agency to allow emerging small business enterprise to provide irrevocable letter of credit issued by insured institution in lieu of payment and performance bonds.

A BILL FOR AN ACT

1 Relating to bonding requirements for public improvement contracts; amending ORS 279C.390.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1.** ORS 279C.390 is amended to read:

4 279C.390. (1) Subject to the provisions of subsection (2) of this section, the Director of the
5 Oregon Department of Administrative Services, a local contract review board or, for contracts de-
6 scribed in ORS 279A.050 (3)(b), the Director of Transportation may exempt certain contracts or
7 classes of contracts from all or a portion of the requirement for bid security and from all or a por-
8 tion of the requirement that good and sufficient bonds be furnished to ensure performance of the
9 contract and payment of obligations incurred in the performance.

10 (2) The contracting agency may require bid security and a good and sufficient performance bond,
11 a good and sufficient payment bond, or any combination of such bonds, even though the public im-
12 provement contract is of a class exempted by the Director of the Oregon Department of Adminis-
13 trative Services, the local contract review board or, for contracts described in ORS 279A.050 (3)(b),
14 the Director of Transportation.

15 (3) The Director of Transportation may:

16 (a) Exempt contracts or classes of contracts financed from the proceeds of bonds issued under
17 ORS 367.620 (3)(a) from the requirement for bid security and from the requirement that a good and
18 sufficient bond be furnished to ensure performance of the contract; or

19 (b) Reduce the amount of the required performance bond for contracts or classes of contracts
20 financed from the proceeds of the bonds issued under ORS 367.620 (3)(a) to less than 100 percent
21 of the contract price.

22 (4) Any recoverable damages that exceed the amount of the performance bond required under
23 subsection (3) of this section shall be the sole responsibility of the Department of Transportation.

24 **(5) A contracting agency may, in accordance with rules adopted under ORS 279A.065, al-**
25 **low an emerging small business enterprise to provide an irrevocable letter of credit issued**
26 **by an insured institution, as defined in ORS 706.008, in lieu of payment and performance**
27 **bonds required under ORS 279C.380.**
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NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.