

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass

Vote: 9 - 0 - 0

Yeas: Clem, Esquivel, Frederick, Krieger, Reardon, Thompson, Unger, Whitsett, Witt

Nays: 0

Exc.: 0

Prepared By: Beth Patrino, Administrator

Meeting Dates: 2/25

WHAT THE MEASURE DOES: Caps amount of bonds or other securities required of bidder or purchaser in connection with forest product sale by State Forester to not more than \$500,000. Limits time to no later than 180 days for State Forester to return unexpended amount from performance bond or other security after earlier of completion of operations or termination date in sales contract. Applies revised provisions to bond or other security requirements for sale of forest products by Department of State Lands. Applies to forest product sales occurring on or after July 1, 2014. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Current requirements for bid and performance bonds
- Potential for increased revenue to state Common School Fund
- If public resources would be put at risk

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The State Forester currently requires a performance bond equal to 20 percent of the bid value for timber sales, with no cap on the amount. These bonds are typically held for 180 days after completion of a sales contract, which aligns with the amount of time a person who provides labor or furnished materials has to file a claim against a performance bond. Senate Bill 1555 A would establish a cap of \$500,000 on both performance and bid bonds for timber sales contracts after July 1, 2014.