
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 145 (as reported with amendment)
Sponsor: Senator Glenn D. Steil
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend Public Act 213 of 1963, which provides a procedure for bonding contractors for public buildings and public works, to allow a principal contractor to provide an irrevocable letter of credit from a State or national bank or a State or Federally chartered savings and loan association instead of the required bonds if the principal contractor were authorized in writing by the governmental unit. ("Governmental unit" means the State, a county, city, village, township, school district, or public education institution, or any other political subdivision, public authority, or public agency.)

Currently, before any contract exceeding \$50,000 for the construction, alteration, or repair of any public building or public work or improvement of a governmental unit is awarded, the principal contractor must furnish to the governmental unit at his or her own cost a performance bond and a payment bond that will become binding upon the award of the contract to the principal contractor. If the principal contractor is a common carrier or the designated operator of a State subsidized railroad, however, the principal contractor may provide an irrevocable letter of credit from a State or national bank or a State or Federally chartered savings and loan association instead of the bonds.

MCL 129.201

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 2-24-99

Fiscal Analyst: R. Ross