

ASSEMBLY BILL

No. 2185

Introduced by Assembly Member Bonnie Lowenthal

February 23, 2012

An act to repeal and amend Section 10222 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2185, as introduced, Bonnie Lowenthal. Public contracts: bonds.

The State Contract Act requires that every contract provide for the filing of separate performance and payment bonds, as provided, and that the performance and payment bonds each equal at least $\frac{1}{2}$ of the contract price, subject to certain exceptions. Existing law gives the Department of Transportation discretion to specify that, for projects with a contract price greater than \$250,000,000, the payment bond shall be the lesser of $\frac{1}{2}$ the contract price or \$500,000,000.

This bill would authorize the High-Speed Rail Authority to provide that, for projects with a contract price greater than \$250,000,000, the payment bond be the lesser of $\frac{1}{2}$ the contract price or \$500,000,000.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10222 of the Public Contract Code, as
- 2 amended by Section 1 of Chapter 186 of the Statutes of 2003, is
- 3 repealed.
- 4 ~~10222. (a) Each bond shall equal at least one-half of the~~
- 5 ~~contract price, except as otherwise provided in Section 3248 of~~

1 ~~the Civil Code, in the California Toll Bridge Authority Act~~
2 ~~(Chapter 1 (commencing with Section 30000) of Division 7 of the~~
3 ~~Streets and Highways Code), or in subdivision (b).~~

4 ~~(b) Notwithstanding subdivision (a), for projects with a contract~~
5 ~~price greater than two hundred fifty million dollars (\$250,000,000),~~
6 ~~the Department of Transportation shall have the discretion to~~
7 ~~specify that the payment bond shall equal not less than one-half~~
8 ~~of the contract price or five hundred million dollars (\$500,000,000),~~
9 ~~whichever is less.~~

10 SEC. 2. Section 10222 of the Public Contract Code, as amended
11 by Section 45 of Chapter 697 of the Statutes of 2010, is amended
12 to read:

13 10222. (a) Each bond shall equal at least one-half of the
14 contract price, except as otherwise provided in Section 9554 of
15 the Civil Code, in the California Toll Bridge Authority Act
16 (Chapter 1 (commencing with Section 30000) of Division 7 of the
17 Streets and Highways Code), or in subdivision (b).

18 (b) Notwithstanding subdivision (a), for projects with a contract
19 price greater than two hundred fifty million dollars (\$250,000,000),
20 the Department of Transportation *and the High-Speed Rail*
21 *Authority* shall have the discretion to specify that the payment
22 bond shall equal not less than one-half of the contract price or five
23 hundred million dollars (\$500,000,000), whichever is less.