

HB 2922 STAFF MEASURE SUMMARY

Carrier: Sen. Patterson

Senate Committee On Labor and Business

Action Date: 04/18/23

Action: Do pass.

Vote: 4-1-0-0

Yeas: 4 - Hansell, Jama, Patterson, Taylor

Nays: 1 - Bonham

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 4/6, 4/18

WHAT THE MEASURE DOES:

Increases surety bond amount required for all Construction Contractors Board licensed entities by \$5,000. Operative on January 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Examples of use of bonds and limitations of current bond amounts
- Two decades since bonding amount has increased
- Impact of measure on contractors

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A surety bond is a promise by a bonding company to pay all or a portion of a Construction Contractors Board (CCB) final order if a contractor fails to pay the order, and works to protect consumers. A property owner can file a CCB complaint against a contractor for breach of contract or improper work. If the CCB orders a contractor to pay money to the complainant, the contractor must pay as ordered. If the contractor does not do so, the bonding company will pay the money owed, up to the amount of the bond. An original CCB residential or commercial bond is required. The type depends on the contractor's endorsement. Contractors who are endorsed to do both residential and commercial work must have both a residential and a commercial surety bond. Currently, residential bonds range from \$10,000 to \$20,000 and commercial bonds range between \$20,000 and \$75,000.

House Bill 2922 increases the surety bond amount required for all CCB licensed entities.