

# House Research Act Summary

**CHAPTER:** 76

**SESSION:** 2001 Regular Session

**TOPIC:** Surety Bonds

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## Overview

This act involves surety bonds required by the state or by local governmental units in connection with government construction contracts. Surety bonds involve a surety or insurance company providing a bond guaranteeing the government that the contractor is qualified to perform the work. This act prohibits a practice known as "directed surety."

- 1 **Surety bonds.** Prohibits the state and local governments from requiring that surety bonds required of contractors on government construction projects be obtained from a particular company or agent. Permits the governmental unit to set other requirements for surety bonds.