

Local Government Contracting Bills on the Move!

February brings forth the meat of the 2020 regular session of the Florida Legislature. Thousands of bills are vying for precious committee and floor time and the vast majority of these measures will never make it to the Governor's desk. Typically, the passage percentages for legislative bills is in the single digits and that number is often lowest in a contentious election year. (Have you heard that there is a campaign or two going on right now in the Sunshine State?) Despite the tall odds, a trio of local government contracting bills are on the move in Tallahassee.

Public Construction (Retainage)

A public construction retainage reform package is on the move, comprised of HB 101 by Representative Alex Andrade (R- Pensacola) and SB 246 by Senator Ed Hooper (R- Palm Harbor). The measure, which passed the House last year but died in committee in the Senate,

revises the amount of retainage that local government entities and contractors may withhold from progress payments for construction services contracts. Upon becoming law, the law would cap retainage at a flat rate of five percent for the duration of the public construction project, freeing up cash flow that is currently caught up in retainage rates as high as ten percent around the state.



Public Procurement of Services (Continuing Contracts)

An effort is underway to modernize the state's system of "continuing contracts" for construction projects by raising the maximum dollar threshold of services permitted under such agreements. HB 441 by Representative Nick DiCeglie (R- Largo) and SB 506 by fellow roofer Senator Keith Perry (R- Gainesville) would raise the limits for continuing contracts from their current two million dollar cap. The effort is seen as a cost of living adjustment of sorts, as the Legislature has not raised the caps in many years. Local governments and contractors alike are supportive of this legislative package.

Local Government Public Construction Works

Local governments often weigh the option of hiring a contractor with their ability to self-perform work and it is important that all aspects of the financial costs associated with self-performance be taken into account so that a true cost comparison can be made. The Legislature is poised to take action to make sure such decisions are made with apples-to-apples comparisons. HB 279 by Representative David Smith (R- Winter Springs) and SB 504 by Senator Keith Perry (R - Gainesville) establish that the governing board of a local government considering such costs must use generally accepted cost-accounting principles that fully account for associated expenses of self-performance such as employee compensation and benefits, equipment costs and maintenance, insurance and materials costs. Further, if this legislative package becomes law, local governments will be prohibited from self-performing work if doing so would require an increase in the number of government employees or an increased capital expenditure.

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