

## **FISCAL NOTE**

### **HB 32 – SB 117**

February 2, 2005

**SUMMARY OF BILL:** Authorizes the Department of Transportation (TDOT) to inspect, for any defective workmanship, all five-lane state highway projects extending five miles or more and for which the department has executed a contract for performance for an amount of at least \$12,500,000. If evidence of defective workmanship is determined by the inspection, TDOT may require payment for damages from contractors in the amount necessary to correct any deficiencies attributable to the contractor for a period of five years after the inspection, approval, and acceptance of the commissioner.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increase State Expenditures – Exceeds \$162,000/Highway Fund**

Assumptions:

- Approximately ten projects have met the proposed criteria over the last five years.
- Restrictions regarding time (five years) would act as a warranty period, thus providing incentive for incremental inspections of such projects.
- One incremental inspection per year may be completed as a result of the five-year time restriction.
- Average roadway inspection cost is approximately \$200.
- Average bridge inspection cost is approximately \$6,000.
- 10 projects X 1 incremental inspection per year X \$6,200 = \$62,000.
- Bill restricts department's ability to hold contractors financially responsible for workmanship issues discovered after the five-year period on projects meeting other criteria.
- Repairs may be needed on one such project per year at a cost estimated to exceed \$100,000.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director