



General Assembly

January Session, 2015

**Committee Bill No. 830**

LCO No. 4801



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:  
(LAB)

**AN ACT CONCERNING A SURETY BOND GUARANTEE PROGRAM  
FOR MINORITY-OWNED BUSINESSES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Contract" means an agreement for work for the state or a  
3 municipality that is estimated to cost more than five hundred  
4 thousand dollars and is funded, in whole or in part, by state funds;
- 5 (2) "Emerging contractor" means a contractor that (A) is owned by a  
6 minority, (B) has not been prequalified pursuant to section 4a-100 of  
7 the general statutes, and (C) is unable to (i) obtain bonding required  
8 under section 49-41 of the general statutes, as amended by this act, to  
9 bid on a contract or perform work pursuant to a contract for the  
10 construction, reconstruction, alteration, remodeling, repair or  
11 demolition of any public building or any other public work by the state  
12 or a municipality, except a public highway or bridge project or any  
13 other construction project administered by the Department of  
14 Transportation, or (ii) perform work under such a contract as a  
15 substantial subcontractor;

16 (3) "Minority" means "minority" as defined in section 32-9n of the  
17 general statutes; and

18 (4) "Substantial subcontractor" means a person who performs work  
19 with a value in excess of five hundred thousand dollars for a  
20 contractor pursuant to a contract for work for the state or a  
21 municipality which is estimated to cost more than five hundred  
22 thousand dollars.

23 (b) Not later than October 1, 2015, the Commissioner of  
24 Administrative Services shall establish a surety bond guarantee  
25 program for emerging contractors. Participation in the program shall  
26 satisfy the bond requirements pursuant to subsection (a) of section 49-  
27 41 of the general statutes. An emerging contractor shall only be eligible  
28 for the surety bond guarantee program for a period not exceeding five  
29 years from the date of the emerging contractor's initial application for  
30 the program.

31 Sec. 2. Section 49-41 of the general statutes is repealed and the  
32 following is substituted in lieu thereof (*Effective October 1, 2015*):

33 (a) Each contract exceeding one hundred thousand dollars in  
34 amount for the construction, alteration or repair of any public building  
35 or public work of the state or a municipality shall include a provision  
36 that the person to perform the contract shall furnish to the state or  
37 municipality on or before the award date, a bond in the amount of the  
38 contract which shall be binding upon the award of the contract to that  
39 person, with a surety or sureties satisfactory to the officer awarding  
40 the contract, for the protection of persons supplying labor or materials  
41 in the prosecution of the work provided for in the contract for the use  
42 of each such person, provided no such bond shall be required to be  
43 furnished (1) in relation to any general bid in which the total estimated  
44 cost of labor and materials under the contract with respect to which  
45 such general bid is submitted is less than one hundred thousand  
46 dollars, (2) in relation to any sub-bid in which the total estimated cost  
47 of labor and materials under the contract with respect to which such

48 sub-bid is submitted is less than one hundred thousand dollars, or (3)  
49 in relation to any general bid or sub-bid submitted by a consultant, as  
50 defined in section 4b-55. Any such bond furnished shall have as  
51 principal the name of the person awarded the contract.

52 (b) Nothing in this section or sections 49-41a to 49-43, inclusive,  
53 shall be construed to limit the authority of any contracting officer to  
54 require a performance bond or other security in addition to the bond  
55 referred to in subsection (a) of this section, except that no such officer  
56 shall require a performance bond in relation to any general bid in  
57 which the total estimated cost of labor and materials under the contract  
58 with respect to which such general bid is submitted is less than  
59 twenty-five thousand dollars or in relation to any sub-bid in which the  
60 total estimated cost of labor and materials under the contract with  
61 respect to which such sub-bid is submitted is less than fifty thousand  
62 dollars.

63 (c) No contract for the construction, alteration or repair of any  
64 public building or public work of the state or a municipality that  
65 requires a person to supply the state or municipality with a bond may  
66 include a provision that requires the person to obtain the bond from a  
67 specific surety, agent, broker or producer. No contracting officer may  
68 require that a bond be obtained from a specific surety, agent, broker or  
69 producer.

70 (d) In the event that any political subdivision of the state enters into  
71 a contract described in subsection (a) of this section and fails to obtain  
72 delivery from the contractor of the bond required by this section, any  
73 person who has not been paid by the contractor for labor or materials  
74 supplied in the performance of work under the contract shall have the  
75 same legal right of action against such political subdivision of the state  
76 as such person would have had against a surety under the provisions  
77 of section 49-42. Nothing in this section shall be construed to extend  
78 liability to the state for any person's right to payment or constitute a  
79 waiver of the state's sovereign immunity.

80 (e) (1) As used in this subsection, "owner-controlled insurance  
81 program" means an insurance procurement program under which a  
82 principal provides and consolidates insurance coverage for one or  
83 more contractors on one or more construction projects.

84 (2) No contract for the construction, alteration or repair of any  
85 public building or public work of the state or a municipality may  
86 include a provision that allows or requires the state or municipality to  
87 maintain an owner-controlled insurance program, except for (A) a  
88 project approved pursuant to section 10a-109e, or (B) one or more  
89 municipal projects totaling one hundred million dollars or more (i)  
90 under the supervision of one construction manager, or (ii) located  
91 within the boundaries of a municipality if under the supervision of  
92 more than one construction manager.

93 (3) Each contract or policy of insurance issued under an owner-  
94 controlled insurance program pursuant to this subsection shall provide  
95 that:

96 (A) Coverage for work performed and materials furnished shall  
97 continue from the completion of the work until the date all causes of  
98 action are barred under any applicable statute of limitations.

99 (B) Any notice of a change in coverage under the contract or policy  
100 or of a cancellation or refusal to renew the coverage under the contract  
101 or policy shall be provided to the principal and all contractors covered  
102 under the program.

103 (C) The effective date of a (i) change in coverage under the contract  
104 or policy shall be at least thirty days after the date the principal and  
105 contractors receive the notice of change in coverage as required under  
106 subparagraph (B) of this subdivision, and (ii) cancellation or refusal to  
107 renew shall be at least sixty days after the principal and contractors  
108 receive the notice of change in coverage as required under  
109 subparagraph (B) of this subdivision.

110 (4) Each principal or contractor shall disclose in the project plans or  
111 specifications at the time the principal or contractor is soliciting bids  
112 for the construction project that the project will be covered by an  
113 owner-controlled insurance program.

114 (f) Whenever a surety bond is required in connection with a contract  
115 for the construction, reconstruction, alteration, remodeling, repair or  
116 demolition of any public building for work by the state or a  
117 municipality, that is estimated to cost more than five hundred  
118 thousand dollars and is paid for, in whole or in part, with state funds,  
119 the surety contract between the contractor named as principal in the  
120 bond and the surety that issues such bond shall contain the following  
121 provision: "In the event that the surety assumes the contract or obtains  
122 a bid or bids for completion of the contract, the surety shall ensure that  
123 the contractor chosen to complete the contract is prequalified pursuant  
124 to section 4a-100 of the Connecticut general statutes in the requisite  
125 classification and has the aggregate work capacity rating and single  
126 project limit necessary to complete the contract".

127 (g) An emerging contractor participating in the surety bond  
128 guarantee program established pursuant to section 1 of this act shall  
129 not be required to comply with the provisions of this section.

130 Sec. 3. (Effective July 1, 2015) The sum of one hundred thousand  
131 dollars is appropriated to the Department of Administrative Services,  
132 for the fiscal year ending June 30, 2016, for the purpose of a grant to  
133 establish a surety bond guarantee program for emerging contractors.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2015</i>	49-41
Sec. 3	<i>July 1, 2015</i>	New section

**Statement of Purpose:**

To eliminate the inability to obtain performance bonds as one of the barriers to the full participation of minority-owned businesses in construction contracting opportunities in the state of Connecticut.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. COLEMAN, 2nd Dist.; REP. MORRIS, 140th Dist.  
REP. STALLWORTH, 126th Dist.; REP. BUTLER, 72nd Dist.  
REP. ADAMS, 146th Dist.; REP. PORTER, 94th Dist.  
REP. VARGAS, 6th Dist.; REP. MILLER P., 145th Dist.  
REP. HEWETT, 39th Dist.; SEN. MOORE, 22nd Dist.  
REP. CUEVAS, 75th Dist.

S.B. 830