

**RE: HB 5622 - An Act Increasing the Surety Bond Threshold for Municipal Projects.**

Submitted by: Joyce A. Wojtas, Lobbyist for Mechanical Contractors Association of CT (MCAC)

The MCAC is opposed to increasing the requirements of C.G.S. Sec. 49-41(a) regarding surety bond thresholds of \$100,000 for both general bidders and sub-bidders on municipal contracts at this time. These statutory bond requirements are necessary to protect payment of wages to employees and material suppliers for any projects of \$100,000 or more. Poor economic conditions in this state make the current requirements more important because payment default is a much higher risk. Municipal taxpayers should not be expected to shoulder that risk.

The \$100,000 threshold may sound like “chump change” to some but ask a small contractor who does not receive a \$5,000 payment and must pay out \$2,000 to his/her workers and \$2,500 for materials to a supplier how he/she feels about not getting paid. The same would hold true for any unpaid small business person.

Although C.G.S. 49-41(d) does provide recourse for the person who has not been paid by a contractor to file a claim against the municipality if the municipality failed to require a bond, however, this process is lengthy and could result in the closing of the business. Also, this section does not clearly provide for recourse if no bond was required in the first place and would probably require a lengthy and costly legal procedure.

Public Act 07-213 increased the thresholds in C.G.S. 49-41(a)(1)(2) from \$50,000 to \$100,000. The economy has taken a downward path since that time and is now only beginning to see some light at the end of this multi-year tunnel. Now is not the time to raise the threshold requirements and put workers and materialmen at risk.

Thank you.

For additional information, please contact me at [joyce.wojtas@outlook.com](mailto:joyce.wojtas@outlook.com)

**CGS Sec. 49-41. Public buildings and public works. Bonds for protection of employees and materialmen. Performance bonds. Limits on use of owner-controlled insurance programs. Certain surety contract provisions.** (a) Each contract exceeding one hundred thousand dollars in amount for the construction, alteration or repair of any public building or public work of the state or a municipality shall include a provision that the person to perform the contract shall furnish to the state or municipality on or before the award date, a bond in the amount of the contract which shall be binding upon the award of the contract to that person, with a surety or sureties satisfactory to the officer awarding the contract, for the protection of persons supplying labor or materials in the prosecution of the work provided for in the contract for the use of each such person, provided no such bond shall be required to be furnished (1) in relation to any general bid in which the total estimated cost of labor and materials under the contract with respect to which such general bid is submitted is less than one hundred thousand dollars, (2) in relation to any sub-bid in which the total estimated cost of labor and materials under the contract with respect to which such sub-bid is submitted is less than one hundred thousand dollars, or (3) in relation to any general bid or sub-bid submitted by a consultant, as defined in section 4b-55. Any such bond furnished shall have as principal the name of the person awarded the contract.

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