



UTILITY CONTRACTORS ASSOCIATION OF CONNECTICUT

145 New London Turnpike, Suite 1133 | Glastonbury, Connecticut 06033

Phone: (860) 978-7346 | Fax: (860) 524-8509 | website: ucac.pro

House Bill 5487, An Act Increasing the Surety Bond Threshold for State and Municipal Projects

Planning and Development Committee

March 4, 2016

The Utility Contractors Association of Connecticut (UCAC) represents the underground utility and site work construction industry in Connecticut. UCAC is comprised of contractors, vendors, suppliers and manufacturers who support the utility contracting and construction industry. UCAC contractor members perform work to improve and enhance the utility infrastructure.

UCAC **opposes** House Bill 5487 and respectfully requests that the Planning and Development Committee not act on the bill.

House Bill 5487 increases from \$100,000 to \$200,000 the surety bond threshold for state and municipal construction projects.

On public projects, surety bonds support prequalification of contractors, payment protection for subcontractors and suppliers and contract completion protection for the public. A surety bond is designed to ensure project completion within the terms of the contract. If a contractor experiences cash flow problems, the surety may assist the contractor. If the contractor abandons the job, the surety may replace the contractor.

The statutory bond requirements in Conn. Gen. Stat. sec. 49-41(a) are necessary to protect payment of wages to employees and material suppliers for any project exceeding \$100,000. The current competitive construction market makes it essential to maintain the current amounts to protect against the risk of default. State or municipal taxpayers should not be expected to bear the risk.

While the current threshold amounts may not seem that high, small contractors that do not receive payment for work performed are still obligated to pay their workers and material suppliers. While the unpaid contractor can make a claim against the state or town if the public owner failed to require a bond, this process is lengthy and burdensome.

The bond requirements help ensure work on public construction projects is performed by responsible firms that are capable of getting bonded. This in turn helps ensure projects are completed and helps provide lower-tier subcontractors and suppliers with recourse for nonpayment by prime contractors.

Additionally, the bond threshold requirements ensure a level playing field; bidders are not disadvantaged because they all must obtain a bond. If a company cannot get bonded, it should not be bidding public work.

Please contact Matthew Hallisey, executive director of UCAC, at (860) 978-7346, if you have any questions or if you need additional information.