

TESTIMONY – HB 5487 – An Act Increasing the Surety Bond Threshold on State and Municipal Projects

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The Mechanical Contractors Association of CT (MCAC) opposes HB 5487, which increases the surety bond threshold on projects from \$100,000 to \$200,000. This law is commonly referred to as “the Little Miller Act” and is similar to the Federal Miller Act. The primary purpose of the bond statute is to protect those who furnish labor and material on a public construction projects if the owner, the primary contractor or the subcontractor is in default.

Payment bonds protect workers and suppliers.

The payment bond law is an alternate form of security provided to contractors, subcontractors and suppliers for payment on contracts by a third party surety. Both general contractors and subcontractors are required to have payments bonds on contracts of \$100,000 or more.

A contractor’s or subcontractor’s ability to get bonded bears a direct relationship to the contractor of subcontractor qualifying as a responsible bidder on both public or private contracts.

Requiring bonds on contracts over \$100,000 should not be looked at as chump change, especially in this economy. In view of the fact that mechanics liens cannot be filed against the owner of public work, the taxpayers will end up paying twice for the work performed by a delinquent contractor’s or subcontractor’s employees and for materials and supplies incorporated in the projects.

Increasing the bonding threshold will discourage responsible contractors from bidding on public work. Less competition means higher costs. MCAC urges defeat of this bill.

Thank you.

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