

EXISTING ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

9. Did the Agency consider any of the following Rule Modifications to reduce the Impact of the Rule on Small Businesses in lieu of repeal?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

10. Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

11. Chapter 20, Stats. Appropriations Affected

None

12. Fiscal Effect of Repealing or Modifying the Rule

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> No Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs |
| <input type="checkbox"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Could Absorb Within Agency's Budget |
| | | <input type="checkbox"/> Decrease Cost |

13. Summary of Costs and Benefits of Repealing or Modifying the Rule

Many construction companies are small businesses and the adjustment of the thresholds for application of the payment and performance bond requirements prevent these provisions from affecting small public works projects over time solely due to the effects of inflation.

14. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No

15. Long Range Implications of Repealing or Modifying the Rule

None

16. Compare With Approaches Being Used by Federal Government

The Miller Act (40 USC 3131 – 3134) applies to contracts awarded for the construction, alteration, or repair of any public building or public work of the Federal Government. While the Act provides that these bonds must be posted on contracts exceeding \$100,000 in cost, the Federal Acquisition Regulation (CFR 48 Part 28) requires the bonds only on contracts that exceed \$150,000.00.

17. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Iowa: Contracts for the construction of a public improvement shall, when the contract price equals or exceeds \$25,000, be accompanied by a bond, with a surety, conditioned for the faithful performance of the contract, and for the fulfillment of other requirements as provided by law.

Illinois: Any contractor entering into a contract for public work of any kind costing over \$50,000 with any state officials, boards, commissions or agents, or any political subdivisions, is required to supply and deliver a bond to the state or political subdivision, with good and sufficient sureties.

Michigan: Before any contract exceeding \$50,000 is awarded for the construction, alteration, or repair of any public building or public work or improvement, the proposed contractor is required to furnish a performance bond and a payment bond which will become binding upon the award of the contract to the principal contractor.

Minnesota: Public entities entering into contracts greater than \$100,000 must obtain a performance bond and a payment bond from the contractor. This requirement, with a few exceptions, applies to contracts for "the doing of any public work."

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