



JESSIE RODRIGUEZ

STATE REPRESENTATIVE ★ 21ST ASSEMBLY DISTRICT

AB 586: Qualified bidders on state projects

Assembly Committee on State Affairs

Wednesday, February 16, 2022

The idea for AB 586 was brought to me by a constituent who owns an electrical contracting company in my district. You will be able to hear from him today where he will explain how this change in the statute can help companies like his across the state do business with the State of Wisconsin.

Under current law, if a contractor wishes to bid on a state project through the Department of Administration (DOA), the contractor must prove that they have completed a project that is at least 50% of the size or value of the project they are bidding on. A bidder must also prove that they are able to obtain a 100% performance bond and a 100% payment bond in order to complete the project.

In theory, these requirements are meant to show that the bidder has sufficient experience and qualifications to complete the project they are bidding on. We believe that securing a full performance bond and full payment bond is sufficient to protect the interests of Wisconsin taxpayers. Therefore, this bill repeals the requirement that a bidder demonstrate completion of a project with a minimum size or value in relation to the type of state project being bid on.

The bill preserves the Department of Administration's discretion to impose additional bidding requirements if the department determines that more specific experience is needed for a particular project.

AB 586 gives more opportunities for contractors to compete and bid on state projects while also protecting taxpayers and the interests of the state. Getting a state contract can be a game changer for some companies and this bill makes it a little easier for them to compete and establish a relationship with the State of Wisconsin.



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on AB 586

February 16, 2022

Thank you Chairman Swearingen and members of the committee for holding a public hearing on Assembly Bill 586, a bill I authored with Representative Jessie Rodriguez with the aim of increasing competition in the state project bidding process.

Under current law, a contractor wishing to bid on a state project through the Department of Administration must gain certification as a qualified bidder by proving that they have completed a project that is at least 50 percent of the size or value of the project being bid. The ostensible purpose for this statutory requirement is to help the state determine the bidder's competency. Nevertheless, this requirement has the unintended consequence of boxing out smaller contractors who are otherwise capable of completing various state projects.

Also under current law, a bidder must prove that they are able to obtain a 100 percent performance bond and a 100 percent payment bond before they can be awarded a contract for a state project. The performance bond guarantees to the taxpayers of Wisconsin that the state project will be carried out to completion. The payment bond assures payment to the subcontractors and suppliers who provide labor and materials throughout the course of the project.

If a contractor for a state project fails to fulfill the requirements of a contract, actions can be brought on the performance bond to recover the losses up to the value of the contract. Similarly, suppliers and subcontractors can bring actions on the payment bond for any unpaid amount. In turn, the contractor who fails to complete the job will have a more difficult time getting bonded for future state projects.

Simply put, obtaining the two aforementioned surety bonds is sufficient to protect the interest of Wisconsin taxpayers. Thus, AB 586 seeks to repeal the requirement that a bidder demonstrate completion of a project with a minimum size or value in relation to the type of state project being bid on. The bill retains the authority of the Department of Administration to impose additional requirements at the department's discretion if it is determined that more specific experience or qualifications are needed for a particular project.

Thank you again for your time and consideration of AB 586. I hope you will join Rep. Rodriguez and me in supporting this legislation.



February 2, 2022

Re: Threshold Limits Bill AB 586

Our bonding company, like most contractors, set limits on total bonding limit at one time and limit for a single project. The total bond amount can vary on current work load type of project, location, etc.

Every year we have to submit financial statements, tax returns, bank line of credit, etc. We do get calls during the year on how we are doing. When we decide to bid a bonded job we submit a request to our bonding agent giving the estimated bid amount. If we exceed the number more than 10% before the bid is submitted we must get their approval. In the event we appear very low we have to give them an answer why that is.

As you can see the contractor bonding program has many checks and balances that government units may not be aware of.

I firmly believe that the government units should not have limits as they are limiting the bidding process which can drive-up the cost of a project and limit the number of bidders.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Ford", written over a horizontal line.

Robert F. Ford

President

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