# For Immediate Release

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## NASBP & SFAA Strongly Support Miller Act Indexing Exemption

*Without Exemption, Thousands of Workers and Subcontractors Will Be Put at Risk*

**May 4, 2021 (WASHINGTON, DC)** – The Surety & Fidelity Association of America (SFAA) and the National Association of Surety Bond Producers (NASBP) commend Chairwoman Nydia Velazquez (D-NY) and Congressman Byron Donalds (R-FL) for the introduction of H.R. 2949. This legislation will ensure essential payment protections for subcontractors, suppliers, and workers and ensure performance protections for taxpayers will remain in place on federal construction contracts of $150,000 and more. The bill will exempt the Miller Act bond threshold from periodic and arbitrary increases currently required under a broad indexing law.

“Bonding federal infrastructure protects taxpayers’ dollars, ensures project completion, protects local small businesses and workers, and promotes economic growth,” said Lee Covington, president and CEO of the SFAA. “The Miller Act provides essential remedial protections for many small businesses which furnish labor and materials on public work. If the bond threshold is raised, thousands of federal projects will no longer be protected by payment and performance bonds, leaving downstream parties exposed to significant risk of nonpayment if the contractor fails to pay them or goes out of business,” continued Covington.

If the federal bond threshold increases from $150,000 to $200,000, the result is an estimated 1,700 unbonded federal contracts annually worth approximately $300M worth of taxpayer dollars potentially exposed to unprotected loss. It is for these policy reasons that NASBP, SFAA, and the 16 association members of the Construction Industry Procurement Coalition strongly support H.R. 2949.

“Congress recognized that certain protections should not be subject to periodic inflationary adjustments as required under Title 41, and this same statutory exclusion should also apply to the essential protections of the Miller Act,” stated Mark McCallum, NASBP CEO. “It’s important to understand the only protection certain subcontractors and suppliers have on federal construction contracts are payment bonds, since no liens can be placed on public property, and periodic increases to the Miller Act threshold will subject more subcontractors and suppliers to risk of non-payment, which can cause dire if not catastrophic impacts to their businesses,” stressed McCallum.

For over 80 years, the federal Miller Act has protected taxpayers against risk of loss by requiring payment and performance bonds on federal construction contracts. NASBP and SFAA look forward to working with Congress, on a bipartisan basis, for the passage of this essential bill.

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*Founded in 1942, the* ***National Association of Surety Bond Producers (NASBP)*** *is the association of and resource for surety bond producers and allied professionals. NASBP members specialize in providing surety bonds for construction contracts and other purposes to companies and individuals needing the assurance offered by surety bonds. www.nasbp.org*