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CONGRESS PASSES DEFENSE SPENDING BILL THAT INCLUDES MILLER ACT EXEMPTION FROM INFLATIONARY INCREASES

Maintaining Miller Act Bond Threshold at \$150,000 is big win for surety industry and small business contractors

Bethesda, MD—The [National Association of Surety Bond Producers](http://www.nasbp.org) (NASBP) commends Congress for passing S. 1605, the National Defense Authorization Act (NDAA) for Fiscal Year 2022 and including a provision in the bill that removes the Miller Act from periodic threshold increases based on inflation, which has been a legislative priority for NASBP for more than a decade. Yesterday, the U.S. Senate, by a vote of 89-10, concurred with the House by passing S. 1605. The U.S. House of Representatives had passed S.1605 by a vote of 363-70 on December 7.

The provision at [Subtitle G—Small Business Matters, Sec. 861](#) of the bill is extremely important to the surety industry and its small business contractor clients. Arbitrarily increasing the Miller Act bond threshold based on inflation exposes businesses, including smaller and disadvantaged businesses working as subcontractors and suppliers, to loss of vital payment protections on federal construction projects. Maintaining the bond threshold at \$150,000 protects U.S. taxpayers by ensuring tax dollars are not being placed in jeopardy by the absence of performance bonds due to a rote inflationary indexing.

"NASBP commends the House and Senate for their bipartisan work in passing the NDAA and for ensuring within the Act that Miller Act surety bonds remain in place without the fear that their vital protections will be removed because of rote inflationary indexing," stated Mark McCallum, NASBP CEO. "Congressional leaders understand how important and precious resources are to advance and to improve the country's lagging civilian and military infrastructure, and performance and payment bonds are time-tested means to assure that those resources translate to quality, completed construction projects and payments to the parties which work on them," added McCallum.

"NASBP is sincerely grateful to the Congressional Offices of House Small Business Committee Chair, Nydia Velazquez, and Senator Mazie Hirono for their support to eliminate the Miller Act from arbitrary threshold increases due to inflation," stated Larry LeClair, NASBP Director of Government Relations. "Chairwoman Velazquez and

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her staff were steadfast with their unwavering support of this important policy change by recognizing the potential exposure small construction businesses face due to loss of payment protection on federal construction projects, LeClair said. "On the other side of the Chamber, Senator Mazie Hirono and her staff worked doggedly to garner support from her Senate colleagues, including key Committee chairs, on this important small business protection change," he continued. "With inflation being the highest it has been since the early '80s, periodic inflationary adjustments to the Miller Act do not afford protection to small business contractors who seek federal construction contracts," added LeClair.

Founded in 1942, the National Association of Surety Bond Producers (NASBP), www.nasbp.org, 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.

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