

# OHIO SENATE BILL No. 234 WOULD RAISE STATE BOND THRESHOLD TO \$500,000

*Dear Members,*

*Please note S.B No.234 has been introduced to the General Assembly, it would raise Ohio State Bond Thresholds to \$500,000; this is five times the level at which the Federal Government chooses to protect itself and federal tax payers. This will have a negative impact on the small and emerging contractors and put the State taxpayers and laborers at risk. We are working diligently with the SFAA to coordinate an effective approach. Please see the below attachments for more insight. We recommend your contacting your local congressman and expressing your opinion about the potential detrimental impact to these constituents (<http://www.legislature.state.oh.us/>).*

*On October 23, the State and Local Government Committee held their first hearing on SB 234. The only witness to the bill was the sponsor, Sen. Spada. Spada was asked to sponsor the bill by the Cuyahoga County Office of Procurement. The bill is also supported by the Cuyahoga County Commissioners. The two groups have never experienced a default on a bonded project to date and claim that the bond adds extra cost and complexity to the construction project.*

*Robust dialogue followed and several questions were raised that created substantial problems with the bill. Essentially, the absence of any defaults thus far can be misleading as sureties pre-qualify contractors prior to the bidding process. In addition, should there be a contractor default without a surety bond, then the onus to complete the project ultimately falls to the tax payers to finish the project. Also, the workers and suppliers are then left with a claim against the defaulted contractor for payment.*

*The Surety Association of Ohio will continue to monitor the status of SB 234.*

*Regards,*

*Randal T. Noah  
Legislative Chair, SAO*