



Surety & Fidelity

Weekly 

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**We apologize for this issue being late.
SFAA was closed Monday due to snow.**

**Slow Start for Congress;
Infrastructure to Remain**



Under Tax Policy Subcommittee

While the committee chairs and ranking members have been announced in the House and Senate, the Democrat and Republican steering committees are meeting to appoint committee and subcommittee members. In the Senate there are 10 new members, and in the House there are 111 freshmen, nearly double the number after the 2016 election. This has led to more shuffling

of committee slots and office space than usual. Congress is not affected by the federal government shutdown as Congress passed and the President signed the \$4.8 billion FY 2019 legislative budget in December.

As expected, Speaker Nancy Pelosi brought back the Pay-As-You-Go (PAYGO) rule, which requires that new mandatory spending must be offset by spending cuts or revenue increases. Any new or increased infrastructure spending will be impacted. The House Rules Committee declined to create a new subcommittee under Ways & Means on infrastructure financing. The revenues for the Highway Trust Fund will remain under the existing Tax Policy Subcommittee.

Despite the partial federal government shutdown closing the U.S. Department of Transportation, most federal transportation money is administered to the states on a mandatory basis and is not paid for out of general funds so there is no immediate impact on ongoing projects. The longer the shutdown continues, the more likely states could face a negative impact. Some states are delaying adding any new projects.

State Bond Thresholds in Play

- North Dakota is considering an increase in its state bond from \$150,000 to \$250,000.

- New York would increase its bond threshold for projects with multiple primes from \$100,000 to \$150,000 and from \$200,000 to \$300,000 for all other projects.

- Montana is considering increasing its threshold from \$50,000 to \$150,000.

- Arkansas wants to raise its threshold from \$35,000 to \$50,000.

This activity is typical for the start of state legislative sessions, and the proposed amount of increase is not out of the ordinary. For any proposed increase to the state bond threshold for which the result would be a bond threshold under \$150,000, which is the federal Miller Act bond threshold, SFAA reviews the legislation on a case-by-case basis to determine whether it makes sense to actively oppose the increase, particularly when the sureties are the lone opponent to the increase.

SFAA is opposing the threshold increases in North Dakota and New York to protect consumers, taxpayers and businesses from shouldering the risk of millions of dollars worth of unbonded projects. SFAA will not oppose increases in Montana or Arkansas.



Companion Bills Ready to Go in Missouri to Ensure Bonding

SFAA and APCI have been successful in having companion bills introduced in Missouri to address a state Supreme Court case, which held that the bonding requirements of the Little Miller Act are not applicable when a public owner hires a consultant or other third party to develop public property on its behalf. The Senate bill is key and was introduced first.

The House bill introduced this week will help move this legislation forward. Since there are more new

legislators in Missouri this year and we expect the session to move slower so that our bills may not be heard for the first time for two weeks or more. SFAA and APCI are working to obtain support from the local subcontractors.

Ohio, South Carolina and Virginia Review Occupational Licensing



Outgoing Ohio Governor John Kasich signed into law a bill that requires the State to use the least restrictive form of regulation for occupational regulations to protect consumers.

- The new law follows the American Legislative Exchange Council's model in that bonding or insurance, registration, certification, and licensing would be considered more restrictive.
- The legislature will evaluate the need for occupational regulations based on these standards for new legislation.
- All occupational licensing boards sunset and the legislature will review their existing regulations. Such boards would need to be renewed through legislation.
- The new law also includes new license requirements for home inspectors that contains a recovery fund.

A bill has been introduced in South Carolina that would exempt persons in the U.S. armed forces and most federal employees whose profession is part of their federal employment from state licensing requirements if they have a valid license from any other recognized jurisdiction. Spouses would be eligible for the exemption in certain cases.

Virginia is considering legislation that would create a sunrise review for new occupational licenses or new regulations that increase the existing level of regulation.



Commercial Surety Developments

- Direct action on public official bonds has been reintroduced in New Hampshire.
- Oregon wants attorneys fees to be paid under the motor dealer vehicle bond.
- Missouri may require new license bond for mechanical contractors, a potential new bonding opportunity. The potential bond amount is yet to be disclosed.
- West Virginia will consider requiring a \$1 million user fee for oil and gas companies before their vehicles would be permitted to drive in the state to fund road repairs. This would replace the current performance bond system which requires a \$1 million blanket bond to specifically fund road repairs, which the state claims is difficult to collect. SFAA is investigating the bond obligation.

National Mentoring Month Spotlight: Liberty Mutual

Since January is National Mentoring Month, SFAA would like to highlight the investment a member company made in the ongoing development of its employees. After helping launch SFAA's *Mentoring Quick Guide*, Liberty Mutual employees led the launch of a formal mentoring program to encourage ongoing training and to build a leadership pipeline for the company.



After convincing the leadership team of the value that such a program would bring, the company made it their #1 talent investment initiative in 2018. Over 240 mentors and mentees participated in the first year. The twelve-month program uses three models: Traditional, 1-to-1 peer mentoring and a Group model with two mentors for 4-8 mentees. Mentoring covered 22 different categories, 17 of which were specific to surety, such as having a growth mindset, soft skills, global growth prospecting, analytics and handling large or complex accounts.

One of Liberty's biggest challenges was matching mentees with a mentor with such a large group. Feedback so far has been positive, and the HR team has already started planning the next session through surveys and focus groups of current participants.

"Some view leadership as a function of a specific position based on job title. However, we believe leadership is a necessary skill at all levels of our organization," said Catherine Dooley, Vice President of Human Resources. "Serving as a mentor in our program is an excellent opportunity for our managers and employees to further develop and enhance their people leadership skills."

Does your company have a mentoring program? Share your mentoring success stories with us at sfaa_communications@surety.org.

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