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Pennsylvania Governor Signs House Bill 885, Amends the Public Works Contractors' Bond Law

[The Surety & Fidelity Association of America \(SFAA\)](#)

commends Pennsylvania Governor Wolf for signing House Bill 885 into law. Pennsylvania has enacted House Bill 885, which amends the Public Works Contractors' Bond Law to remove the ability of contracting bodies to accept any form of alternative financial security when signing contracts for projects. The Surety & Fidelity Association of America has been working alongside [National Association of Surety Bond Producers \(NASBP\)](#), [American Subcontractor Association \(ASA\)](#), the [Insurance Federation of Pennsylvania](#), and local surety associations on amending Pennsylvania's bonding requirements. After successful lobbying efforts to consolidate Senate and House bills and getting the threshold limits established, PA HB 885 passed through both chambers of the legislature. It will eliminate the discretion local governments have in the state's Little Miller Act, which allows them to accept any financial security in lieu of performance and payment bonds. The bill provides that only bonds, letters of credit, or



escrow accounts for 100% of the contract amount would be accepted and holds the state's bonding threshold to \$10,000. The amended bill passed the House with little opposition and the Senate unanimously and was signed by Governor Wolf on October 29, 2020. The bill will go into effect 60 days after receiving the Governor's signature. Read the full press release [here](#).



Survey Shows 78% of Contractors Had Project Canceled or Postponed Due to Coronavirus

The Associated General Contractors of America has been collecting survey responses from members within their trade group, and the [latest results](#) were released on October 28, 2020. In the results collected from late September through early October, over three-quarters of the 1,077 contractors surveyed said that they had experienced a project cancellation or postponement due to the ongoing COVID-19 pandemic. This number of canceled/delayed projects is up from 60% reported by AGC in August. "These results make it clear that the months-long pandemic is undermining the demand for projects, disrupting vital supply chains and clouding the industry's outlook without new federal relief measures," AGC Chief Economist Ken Simonson said. "These challenges pose a significant threat to current construction employment levels." There was an increase in the number of contractors reporting a shortage of materials, equipment, or parts to 42%, as many firms cited delays in trucking, rail, and ocean shipments. Nearly half of the survey's respondents said that they want a larger federal investment in all forms of construction. AGC reported that 46% of respondents called for a larger federal investment in all forms of public infrastructure and facilities, with 30% mentioning a need for new multi-year surface transportation bill enacted and 20% wanting "safe harbor" liability reforms to protect responsible firms from coronavirus lawsuits.

Federal Reserve Expands Access to Small Business Emergency Loans

Last week, the Federal Reserve announced it is expanding its emergency lending program, the Main Street program, for businesses and nonprofits to make it available for smaller firms. As Congress remains deadlocked on further COVID stimulus, the central bank decided to lower the minimum loan amount under its Main Street program to \$100,000 from \$250,000. Additionally, the new rules will allow firms to exclude Paycheck Protection Program loans of up to \$2 million for the purpose of calculating how much debt they hold, which will allow more companies to access loans under the Main Street program. The Main Street program has not been able to lend as much money as it is authorized to do through the CARES Act and the move is intended to increase its popularity. The announcement suggests that government officials are closely watching the progress of the economic recovery, which has showed signs of slowing, particularly as the virus continues to show signs of resurgence.



Updated Resources Available to Members



The **End-of-Session** reports can be found [here](#).



The **Proposed and Adopted Rules** can be found [here](#).



The **New Bonding Opportunities** can be found [here](#).



The **Law Library** can be found [here](#).

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