NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS
7735 Old Georgetown Road, Suite 900
Bethesda, MD 20814
Tel: 240.200.1270
Fax: 240.200.1295
www.nasbp.org

February 6, 2026

RE: Opposition to SB 436, amends K.S.A. 19-214 by increasing the statutory bond requirements for counties from $25,000 to $100,000

Dear Chair Bowers, Vice Chair Ryckman, Ranking Minority Member Faust Goudeauon and members of the Senate Committee on Local Government, Transparency and Ethics.

On behalf of the National Association of Surety Bond Producers (NASBP), a national trade association representing firms employing surety bond producers, including resident and non-resident licensed producers placing surety bonds in Kansas, I am contacting you regarding our concern with and opposition to Senate Bill 436, which would amend K.S.A. 19-214 by increasing the statutory bond requirements for counties from $25,000 to $100,000. An increase of $75,000 would mean that many more county construction contracts throughout the state would be procured without the benefit of performance and payment guarantees, which provide essential protections to Kansas taxpayers and to Kansas businesses.

Many small, local businesses participate in county construction projects as subcontractors and suppliers. They depend on the presence of the statutorily-required payment bond for their payment assurance. They understand that, if the prime contractor fails to pay them due to insolvency or other reasons, they have the ability to recover their wages, costs, and expenses by making a claim on the payment bond.

In the absence of a payment bond, subcontractors and suppliers, especially those that are small businesses, may not have viable remedies for recovery. They cannot seek recovery from the county procuring agency, as they are not in privity of contract with that entity, and they cannot place a mechanic's lien against public property. Their only remedy would be expensive, time-consuming litigation against the contractor, which, in the case of small businesses, may be unaffordable and impractical, and, if the contractor is insolvent, no real recovery is available.

Likewise, county taxpayer dollars are at risk when contracts are awarded without the protection of performance bonds. In the absence of a performance bond, which otherwise would transfer the risk of contractor default to a knowledgeable surety company, the county and, in turn, its local taxpayers will bear the direct and indirect consequences of contractor defaults, including deploying additional county resources and tapping more taxpayer funds to complete defaulted construction projects.

In summary, increasing the current bond threshold for counties would remove time-tested and critical performance and payment protections for taxpayers and businesses. For these reasons NASBP opposes SB 436 and urges your opposition to the measure.

Please feel free to contact me at lleclair@nasbp.org should you have questions or need further information.

Respectively submitted for your consideration,

Lawrence E. LeClair
Director, Government Relations

cc: Members of the Senate Committee on Local Government, Transparency and Ethics