574.262 SMALL BUSINESS.

Subdivision 1. **Bonds.** To carry out the programs, established elsewhere by law, for awarding certain portions of state construction and procurement contracts and subcontracts to small businesses and small businesses owned by economically and socially disadvantaged persons, the commissioners of administration and transportation may, when deemed appropriate, arrange, through competitive bidding or negotiation, to partially indemnify bonding companies which provide bid, performance, and payment bonds covering all or any part of the construction and procurement contracts or subcontracts which are designated for award to small businesses and small businesses owned by economically and socially disadvantaged persons. The amount of the indemnity for all the bonds on each contract shall not exceed $100,000. Bonds which are subject to indemnity shall be provided to contractors at a cost which shall not exceed the cost of bid, performance, and payment bonds if purchased in the usual manner by other businesses for similar contract work or procurement.

Subd. 2. **Participation limit.** No small business or small business owned and operated by economically and socially disadvantaged persons shall be eligible for bonding pursuant to this section for a period of more than five years from the date that the small business or small business owned and operated by economically and socially disadvantaged persons received its first bond pursuant to this section.

Subd. 3. MS 1988 [Repealed, 1989 c 155 s 5]

Subd. 4. **Encumbrance not applicable.** Agreements of indemnity entered into pursuant to subdivision 1 shall not be subject to encumbrance requirements imposed by other provisions of law.

History: *1977 c 394 s 1; 1982 c 424 s 130; 1994 c 419 s 3*