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May 7th, 2025

To: The Assembly Committee on Local Government

From: Rep. Jerry L. O'Connor

Re: Assembly Bill 217 relating to: local government competitive bidding thresholds.

Good morning, Chairman Novak and members of the committee. Thank you for taking the time to hear my testimony on Assembly Bill 217.

This is not sexy legislation, but it is useful and necessary to help our local government units operate more efficiently.

One critical factor for how local government operates is through the Request for Proposal (RFP) bidding process. This can include everything from fixing a road to purchasing a new rider mower.

RFP bids ensure that government contracts are awarded through a competitive process, helping to prevent waste, fraud, and corruption with taxpayer dollars. By requiring businesses to submit detailed proposals for projects above a certain monetary threshold. RFPs promote transparency and allow the government to select the best services or products at the best value, ensuring that taxpayer dollars are spent efficiently on projects that improve our communities.

However, RFPs are less useful when bidding thresholds are severely outdated as is the case with the state's bidding process. Wisconsin's thresholds for roads and public works projects have not been updated from \$10,000 and \$25,000 since 1999, over 25 years ago.

In 1999 the average cost of a used car in Wisconsin was about \$9,900 and today that average used car is closer to \$29,000. The inflated value of \$25,000 from 1999 has nearly doubled to \$48,000 in 2025.

This bill raises the 26-year-old RFP statutory bidding thresholds for local government use. This brings the bidding thresholds current and applies an inflation escalator clause every five years to ensure the thresholds keep pace with inflation.

AB 217 will do the following:

1. Raise an outdated ~~\$5,000~~ to \$10,000 for small contracts managed under local governing body approval
2. Bid requests between \$10,000 and \$50,000 will be managed through an existing Class 1 notice set forth in chapter 985 of the statutes
3. Raise an outdated threshold number from \$25,000 to \$50,000 before an RFP is required
4. In order to avoid these thresholds from being overlooked for decades again, we added a 5-year escalator clause tied to the CPI to keep these thresholds relevant to current dollar values
5. The bill will provide an exception to the bidding requirements for the construction or purchase of residential units intended to be used by persons placed on supervised release as sexually violent persons (980 classification).

Assembly Amendment 1:

Following the introduction of this bill, the Milwaukee Metropolitan Sewerage District asked that similar language be included in the bill that would raise their RFP bidding threshold from \$20,000 to \$50,000.

This additional request is in line with the other thresholds established in the original version of the bill.

Support for this bill: In drafting this bill, we worked with key stakeholders over many months to secure their support for this bill. This includes: The League of Wisconsin Municipalities, the Wisconsin Counties Association, the Wisconsin Towns Association, the Wisconsin County Highway Association, and the Milwaukee Metropolitan Sewerage District.

Thank you very much for the opportunity to testify on this bill. I will be happy to address your questions.



CORY TOMCZYK

STATE SENATOR • 29TH SENATE DISTRICT

AB 217

Assembly Committee on Local Government

May 7, 2025

Times have changed since Bill Clinton was in the White House. That's right – the bidding thresholds for RFPs required by local governments for public works projects and road projects have not been updated since the last millennium – 1999.

Not only have times changed, the buying power of money has too. In 1999, a gallon of gas was \$1.22 and the thresholds for public works projects and road projects were \$10,000 and \$25,000 respectively. This simply does not work in 2025 after 25 years of inflation.

AB 217 raises thresholds and adds an escalator clause to ensure that the thresholds remain dynamic and reflect the market changes in the future. An example of how the escalator clause will work is below:

Apply the average CPI of 2.49% from the past 26 years to project the next 25 years' adjustments, rounded to the nearest \$1,000						2.49%
Year	Initial Amount	Rounded to nearest	Initial Amount	Rounded to nearest	Initial Amount	Rounded to nearest
2025	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000
2030	\$ 11,309	\$ 11,000	\$ 28,271	\$ 28,000	\$ 56,543	\$ 56,000
2035	\$ 12,788	\$ 13,000	\$ 31,971	\$ 32,000	\$ 63,942	\$ 64,000
2040	\$ 14,462	\$ 14,000	\$ 36,155	\$ 36,000	\$ 72,309	\$ 72,000
2045	\$ 16,354	\$ 16,000	\$ 40,886	\$ 41,000	\$ 81,771	\$ 82,000
2050	\$ 18,494	\$ 18,000	\$ 46,236	\$ 46,000	\$ 92,471	\$ 92,000

AB 217 raises an outdated \$5,000 threshold to \$10,000 for small contracts managed with governing body approval. Bids between \$10,000 and \$50,000 can be addressed with an existing Class 1 notification under Chapter 985. AB 217 raises the outdated threshold amount from \$25,000 to \$50,000 before an RFP is required. Public Roads Projects remain unchanged at \$25,000. AB 217 also provides an exception to the bidding requirement for the construction or purchase of residential units intended to be used by persons placed on supervised release as sexually violent persons.

AB 217 gives local governments flexibility while still protecting taxpayers. This bill allows local government to get with the times. These are things that should be encouraged and celebrated. Please support AB 217.



**Testimony in Opposition to AB 217
Assembly Committee on Local Government
Wednesday, May 7, 2025**

Good morning, my name is John Schulze, and I am here representing the over 1,000 members of Associated Builders and Contractors of Wisconsin who are literally building Wisconsin. Thank you for the opportunity to testify in opposition to AB 217. The legislation, although well intended, would increase Wisconsin's local government competitive bidding threshold by 100% immediately, and even more going into perpetuity. ABC of WI members are opposed because it will result in less competition and less transparency in building public projects.

- Competitive bidding for public construction projects was created to combat cronyism, fraud, and favoritism.
- Competitive bidding gives every qualified business, including small business, a fair and equal opportunity to vie for public construction projects by requiring "apples to apples" comparisons.
- Taxpayers benefit from open competition, and competitive bidding is the best way to attract the largest number of qualified bidders.
- Competitive bidding withstands public scrutiny and discourages corruption.

No one is disputing that Wisconsin's lowest responsible bidder law can be cumbersome and time consuming – that's a feature, not a bug. Local governments have an obligation to be good stewards of your tax dollars, and doing so should be a priority, not an annoyance.

Some of the pain in the public bidding process is self-inflicted because many local governments have passed onerous, confusing, and poorly drafted ordinances that increase regulations and exclude certain bidders based on criteria other than price, quality of work, and value.

A simple Google search for “responsible bidder ordinance Wisconsin” (as these are aspirationally named) shows a patchwork from large municipalities like Dane County to the town of Woodland (population 783). Many of these ordinances are as difficult to administer for the local government employees and elected officials as they are for contractors to comprehend and follow. Even the ordinances that have been well written and thought out add analysis, time, and effort to the process. But the solution should not be to just exempt more public projects from the municipality’s self-inflicted problem. To quote Abraham Lincoln – and I apologize for the hyperbole - someone who kills their parents should not be allowed to plead for mercy on the grounds that they are an orphan.

The argument that the threshold has not increased in over 20 years is not compelling in and of itself. Maybe it hasn’t been increased because it works.

We are willing to work with the authors to find solutions that streamline the public bidding process that help guarantee transparency and respect for the taxpayer dollar. But, as drafted, AB 217 reduces transparency, creates the opportunity for corruption, and does not safeguard the taxpayer dollar.

Please let us know if you have any questions and thank you for your consideration.



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To: Assembly Committee on Local Government
From: Toni Herkert, Government Affairs Director, and Evan Miller, Government Affairs Specialist
League of Wisconsin Municipalities
Date: May 7, 2025
RE: Assembly Bill 217 - Local Government Competitive Bidding Thresholds

Chairman Novak, Vice-Chair Donovan, and Committee Members,

The League of Wisconsin Municipalities is a nonpartisan, nonprofit membership organization that advocates for the interests of our over 600 member cities and villages, large and small, urban and rural, throughout the state.

Thank you for the opportunity to provide testimony today in support of Assembly Bill 217. Inflation, while in the news in recent years for its unusually high levels, is an everyday reality for Wisconsin's local governments. The cost of everything local governments must purchase, including medical supplies, paper, concrete, lumber, wiring, asphalt, piping, fire apparatus, snowplows, electricity, and software, has gone up substantially in the 21st century. This has considerably strained local resources, yet municipal officials are still striving to be financially responsible, both due to the impacts of net new construction constraining local revenues and a mission to make the cost of living affordable for residents.

While the cost of purchasing goods and services has gone up, the public notice and bidding thresholds have not. In 1999, thresholds were set at \$5,000 for a public notice to be issued and \$25,000 for a request for proposal, or competitive bid, to be issued. These thresholds have remained stagnant as the rate of inflation has nearly doubled. Adjusting for inflation, \$25,000 in 1999 is approximately \$48,000 today.

Raising the notice and bidding thresholds will serve multiple purposes. First, it will reflect the economic reality of today by adjusting the thresholds consistent with inflationary pressures. Second, it will reduce the unnecessary, burdensome, and lengthy process of requiring bids on smaller projects. Due to the time and resources necessary to prepare a bid on such a small project, these requests for proposals not only often result in few or no qualified bidders, but they delay the project, which raises project costs, straining local resources. Even public notices cost the local government money, and that money for small projects could be better utilized to get more projects underway.

Third and finally, by automatically adjusting notice and bidding thresholds to inflation on a five-year basis, Assembly Bill 217 will ensure we're not back in the Legislature 26 years from now in the same situation we're in today. We ask for your support of Assembly Bill 217, and thank the authors, Representatives O'Connor and Brooks and Senator Tomczyk, for bringing forward this legislation.

Thank you for your consideration of this legislation and the League's comments on Assembly Bill 217. If you have any questions, you can contact Toni Herkert at therkert@lwm-info.org or Evan Miller at emiller@lwm-info.org.