



BUILD UP!

NORTH AND SOUTH CAROLINA BUILDING DIVISIONS NEWSLETTER

CAROLINAS AGC – AUGUST 1, 2003

CAGC HAS VERY SUCCESSFUL LEGISLATIVE SESSIONS

With a great assist from Carolinas AGC members across North Carolina, CAGC recently led successful efforts to defeat two antidiscrimination bills for Charlotte that could have involved other governments and could have been a nightmare for the construction industry. And, in South Carolina, none of the bills opposed by CAGC passed. Following is a look at what CAGC Building Division Directors -- Dave Simpson in North Carolina and Leslie B. Hope in South Carolina -- concentrated on in the 2003 legislative sessions to help your businesses on public and private work:

North Carolina Legislative Highlights

The NC House of Representatives single-handedly ended the General Assembly's 2003 session on July 20, walking out on -- and killing, because of questionable revenue -- a Senate plan for a \$180 million cancer center at UNC-Chapel Hill. The Senate will reconvene on Sept. 15, 2003 to work on economic development legislation and civil justice and insurance reform. The House and Senate will return for the so-called short session on May 10, 2004.

The session ended in the wake of the state's worst budget crisis since the Depression and with an evenly split House and a Democratic-controlled Senate. In the House, a Senate-backed plan, opposed by Senate Republicans, extended \$384 million in "temporary" sales and income taxes that were originally scheduled to expire. CAGC was closely involved with 90 bills in the Senate and 91 bills in the House, achieving our top goals:

- CAGC was the lead -- and at times the only -- business association which successfully defeated bills that would have caused nightmares for contractors doing local government work. Under two bills that we defeated, not only could unwarranted discrimination claims have been filed against your company for previously completed public and private work, but also the traditional court system process would have been eliminated for a new bureaucracy for the City of Charlotte and possibly other local governments.
- CAGC helped defeat a bill that would have extended the statute of repose. This bill could have made a contractor liable for construction problems on public and private work 25 years down the road.
- CAGC helped to defeat statewide legislation that would have allowed a contractor's "commitment" to MBE goals to be a criterion on whether or not he or she could bid on public work. While CAGC supports ways to improve MBE participation, the language was general enough that a bureaucrat could unfairly stop some companies from bidding on public work. CAGC also was able to defeat a statewide proposal that would have unfairly denied many qualified bidders from bidding public school work. The bill said, before we helped to amend it, that up to a week before bids were due, a prequalified contractor could be disqualified by the owner, therefore wasting the contractor's time and money in putting together a bid.
- CAGC supported bills that would give contractors tax credits for workplace safety improvements and reduce construction equipment taxes -- though passage appears unlikely in next year's short session. We helped the UNC System keep in place its \$4.2 billion

construction bond program at a time when lawmakers were looking at reducing such funding because of the state budget crisis. We also helped lead efforts to restore millions of dollars in vocational education funding that was left out of the House-approved budget.

- CAGC, led by NC Highway-Heavy Director Berry Jenkins, was successful in pushing for a study to be conducted in coming months of the delivery system for the NCDOT and the NC Department of Environment and Natural Resources. The current process has slowed the construction and permitting process considerably. As a dividend for some of CAGC's efforts and those of allied business interests, the DOT Transportation Improvement Program letting amount in the past year of about \$600 million is expected to grow to \$1.2 billion-- with an additional \$400 million for resurfacing and pavement preservation.
- CAGC helped lead efforts for passage of the NC Moving Ahead legislative package. The legislation will provide an additional \$700 million for the highway market, which mostly will involve smaller-sized projects that will be attractive to our smaller- and medium-sized member firms. Along with an anticipated increased rate of letting for the larger Transportation Improvement Program projects, it should provide an increased market opportunity for all CAGC members -- and a spin-off effect for building projects.
- CAGC was closely involved in successful efforts to raise awareness of state legislators and key public officials on the negative economic impact that delays in receiving required environmental permits were having on our industry in both the public and private sectors. Due to the increased awareness, the Department of Environment and Natural Resources implemented some changes designed to make the permitting process more efficient.

Construction Funding: Before adjourning, Tar Heel lawmakers also approved nearly \$500 million for UNC self-liquidating construction projects paid for by dormitory and other fees as well as \$650 million in debt to North Carolina's future obligations. The additional debt will be used to build a new psychiatric hospital, three new prisons and pump \$300 million into long-neglected state building repairs. (A detailed list of building projects follows later in this newsletter.)

South Carolina Legislative Highlights

The first year of the 115th General Assembly adjourned June 5. No resolutions were passed to allow the legislature to return to Columbia to complete conference committee reports or to take up any gubernatorial vetoes prior to the next legislative session, which begins Jan. 13, 2004. Thus, all bills enrolled, ratified and sent to the Governor for his consideration, may remain with the Governor until the second day of the 2004 legislative session.

Meantime, the General Assembly introduced 2,166 bills and resolutions since the beginning of the session. Of those, 182 were ratified by both the House and the Senate. Of those 182 bills and resolutions, only 36 have been enacted. All of the remaining bills and resolutions that have been filed will be carried over to the 2004 session. CAGC has closely followed 96 pieces of legislation throughout the legislative session -- bills that not only affect the construction industry, but those that may impact the way you run your business, including:

Blood Alcohol Concentration: H 3231, a bill lowering the legal blood alcohol limit for drunken driving convictions to .08 percent from .10 percent, passed during the last seconds of the 2003 legislative session. Senate amendments include an increase of \$100 in fines on DUI's and stricter test procedures for authorities to follow. This bill was on the CAGC Board of Directors' priority list since the passage of this legislation ensures that South Carolina continues to receive federal highway funding.

Garnishment Legislation: S 106, the Business Debt Recovery Act, which would require businesses to garnish the wages of their employees for commercial debt, was defeated in full committee early in the session. CAGC, the Small Business Chamber, the SC Manufacturers Alliance and SC Fair Share all opposed the legislation. A similar bill has been filed in the House, H 3710, but it has yet to receive any consideration by a subcommittee.

Building Codes Legislation: S 449 references the National Building Code and modifies how the building codes in SC are adopted. The law now requires a notice of intent to make changes to the code to be printed in the State Register, a comment period of 180 days for the public to submit questions, and then a study committee will be assigned to study the matters the public requests to

have considered. The original bill deleted the Mechanical, Electrical and Plumbing representatives from the Council and CAGC was successful in getting them back in the bill. The bill was ratified on the last day of the session.

Tort Reform: The tort reform legislation is still in the hopper. We expect for it to be taken up in the House during the first month of the 2004 legislative session. A task force has been named to H 3744, the tort reform bill. The members of the task force include the Constitutional Laws Subcommittee of House Judiciary -- Reps. Greg Delleney, Chairman; Scott Talley; Jim Harrison; Seth Whipper; Creighton Coleman. The following members also have been asked to serve on the task force: Reps. Alan Clemmons, Adam Taylor, Doug Smith, Jerry Govan and Gary Simrill. The group is expected to begin meeting by late summer.

A recall vote on the House floor will take place if there is no significant movement or agreement on the bill by the second Wednesday of the 2004 session. BIPEC recently announced that any votes on H 3744, including a vote to recall it to the House floor for an open debate, if it is necessary, will be tracked and will be a part of its business friendly scoring process.

Right to Cure: S 433, the right-to-cure bill, passed and was enrolled for ratification on the last day of the session. This bill will ensure an alternative method to resolve legitimate construction disputes. It reduces the need for litigation while adequately protecting the rights of homeowners. The contractor or subcontractor has 30 days from service of the notice to inspect, offer to remedy, offer to settle with the claimant, or deny the claim regarding the defects before a suit can be filed.

Second Injury Fund: S 549 addresses the establishment of the second injury fund for workers compensation claims and prohibits reimbursements to employers or carriers which have defaulted on their current assessments until the assessments are paid in full. This legislation also passed the last day of the session.

Campaign Finance Reform: H 3206 passed and it includes sweeping changes to the campaign finance laws. The new rules will be enforced after next year's elections. The changes include tougher lobbyist requirements; reporting on the Internet; legislative PACs; complaints; food, drinks, lodging and transportation for state officials.

JOINT BUILDING DIVISION MEETING DRAWS NEARLY 200

Nearly 200 attendees turned out for our Annual Joint Building/Utility/Subcontractor-Specialty Divisions meeting, held July 17-20 at Wild Dunes, Isle of Palms, SC. For a look at that meeting -- and photos -- go to www.cagc.org. The 2004 Building Division Meeting will be held July 15-18, 2004 at the Grove Park Inn in Asheville. Also, don't forget about next year's CAGC Convention, which will be held in the Bahamas Jan. 27 to Feb. 1, 2004.

CONSTRUCTION PROJECTS NC LAWMAKERS APPROVED THIS YEAR

Before adjourning this year, lawmakers approved a total of \$1,290,403,460 toward construction projects: UNC System self-liquidating projects paid with dormitory and other fees (\$490,712,460); repairs and renovations through a direct appropriation (\$15,000,000); renovations and repairs through special indebtedness such as bonds, not requiring voter approval (\$300,000,000); water resources (\$27,601,000); youth development centers (\$6,780,000); a pest control training center at NC State University (\$310,000); three prisons (\$450,000,000) paid for through special indebtedness authorized for the lease/purchase of the 1,000-cell correctional facilities. UNC projects are:

- Appalachian State University:
Athletic Facilities: \$35,800,000; 400-Space Parking Deck: \$5,000,000
- East Carolina University:
College Hill Residence Halls, Phase I: \$35,000,000
Renovation of Clement, Greene and White Residence Halls: \$4,950,000
- North Carolina A&T State University:
Renovation of the Memorial Student Union: \$2,700,000

- North Carolina Central University:
500-Space Parking Deck: \$5,000,000
- North Carolina State University:
Renovation of Berry, Becton and Bagwell Residence Halls: \$10,000,000
E.S. King Village Community Center: \$2,000,000; Student Fitness Center: \$12,000,000
Partners V Building: \$18,000,000
Repairs, Thompson Theatre, Talley, Witherspoon and Price Music Center: \$6,000,000
Derr Track, Softball, and Soccer Complex: \$1,000,000
Reynolds Coliseum Renovations: \$5,000,000
- The University of North Carolina at Chapel Hill:
Rizzo Center - Expansion: \$18,000,000; McColl Building Addition: \$18,000,000
Botanical Garden Visitor Education Center: \$6,000,000
Ackland Art Museum - Expansion: \$16,000,000; Printing Services: \$3,500,000
ITS Building: \$12,300,000; Former YMCA Renovation: \$3,500,000
Student Family Housing: \$30,000,000; Cobb Residence Hall - Renovation: \$9,884,000
Parking Facilities: \$19,200,000
Major Infrastructure Improvements & Waste Remediation: \$52,000,000
- University of North Carolina at Charlotte:
Student Union: \$39,700,000; Baseball Stadium Improvements: \$3,000,000
- University of North Carolina at Greensboro:
Exercise Track: \$1,000,000
Residence Halls - Renovations : \$3,300,000
Elliot University Center Library Connector: \$1,500,000
Health Center: \$8,500,000; Softball Field and Stadium Complex: \$3,000,000
- Western Carolina University:
New Student Residence Hall: \$13,161,000; Residence Hall Renovation: \$10,264,700
Parking Deck - 500 Spaces: \$6,250,000; Dodson Cafeteria Renovation: \$4,927,400
Softball Field and Stadium: \$2,320,000
- The University of North Carolina at Chapel Hill:
Burnett-Womack Building: \$7,395,000; Beard Hall Renovations : \$2,394,000
Science Complex, Phase I: \$8,854,000; Manning Steam Plant: \$13,212,360
Global and International Studies Facility: \$5,000,000
Cogeneration-Turbine Improvements: \$24,000,000
- The University of North Carolina at Pembroke:
Auxiliary Services Building: \$1,500,000; PE, Recreational Improvements: \$600,000

THEY SAID A MOUTHFUL

"I just wanted you fellows to remember what you're fighting for."

- That line was made famous by the late Bob Hope in introducing the current war's beauties -- maybe Frances Langford in WW II or Ann-Margret in Vietnam or Ann Jillian in Desert Storm. The roar from U.S. military ranks after that line always was deafening.