



BUILD UP!

NORTH AND SOUTH CAROLINA BUILDING DIVISIONS NEWSLETTER

CAROLINAS AGC – MAY 12, 2006

REGISTER TODAY FOR DIVISION MEETING AT THE MYRTLE BEACH MARRIOTT RESORT AT GRANDE DUNES

Registration packets went out this week for the Building/Utility/Subcontractor-Specialty Contractor (BUSS) Divisions Meeting to be held July 20-23 at the Myrtle Beach Marriott Resort at Grande Dunes. If you are interested in attending this meeting, you must make your room reservations at the hotel by the room block cutoff date of June 6. Please plan to register early, as we have reserved only about 100 rooms and registration is on a first-come, first-served basis.

This year's theme is "Together We Win . . . Training, Entertaining, Political Explaining." John G. Miller, an internationally known organizational development speaker and author, will give the keynote address. His presentation will focus on making personal accountability a core value for organizations and individuals. Miller promises to deliver key principals that will dramatically improve your company's bottom line and culture as well as your personal life and those in your family.

Our program will also feature NC Sen. Richard Stevens discussing the importance of the construction industry getting involved politically in both Carolinas, programs on the future of training, opportunities for military work and CAGC's new "IBuild" array of services. We'll have a Friday golf tournament at Pine Lakes International, aka "The Granddaddy," and a Saturday night dinner-dance featuring the Soul Searchers, a large Raleigh-based band. We'll have a Ladies Brunch with an Estee Lauder makeover demonstration, a Friday Casino Night and prizes. The hotel will have daily activities scheduled for children.

Please register for the meeting with the Raleigh CAGC office or you can register on-line at http://www.cagc.org/news_events/news/bussmtg06_general.cfm. For more information, contact Dave Simpson, NC Building Director, (919) 781-3270, ext. 5724, or dsimpson@carolinasagc.org.

NORTH CAROLINA LEGISLATION

They're Off! With legislative bill drafters working long hours to meet deadlines for bill introductions and budget leaders continuing meetings today, the short session of the NC General Assembly got off to a relatively brisk start this week with dozens of bills being filed, many involving so-called pork projects. The short session began on May 9 without any expected political fireworks from Republicans on the House floor. And, on the same day, Gov. Mike Easley unveiled his \$18.9 million budget plan that would increase the pay of teachers by 8 percent and other state employees by 4 percent while cutting the sales tax by a quarter-penny.

The governor rolled out the spending plan for the 2006-07 fiscal year as the legislative short session began a block away. The plan recommends an overall increase in spending of \$1.6 billion. It would also pump \$324 million into the state's Rainy Day reserve fund while creating a \$50 million reserve to meet the cost of natural disasters. Another \$329 million would go for capital projects, while the state would borrow \$144 million to build a 120-bed hospital and 200-cell mental health center at Central Prison. The budget growth is made possible by an unexpected \$1.1 billion revenue surplus, along with more than \$600 million that legislators and state agencies left unspent.

The surplus has created the strongest financial picture in the state since the late 1990s. The governor's proposal would increase education spending by nearly \$1 billion, or 8.8 percent over the previous year. "This is the strongest education budget we have ever seen in North Carolina," Easley said. However, the budget does not include about \$77 million involving cuts to education from sales

tax revenue and discretionary spending. Still, the governor defended the overall spending increases, noting that the large sums being put into reserves show a commitment to fiscal prudence.

Debt Situation: Legislators heard about the need for more state borrowing, and the need for fiscal conservatism, at a joint meeting of the House and Senate Finance committees on Wednesday. State Deputy Treasurer Vance Holloman presented an annual debt affordability study by the state treasurer's office. It says the state has about reached its debt capacity. It recommends new state borrowing not exceed \$214 million involving the General Fund. The committee then heard from a number of groups and state agencies seeking billions of dollars in new bond issues.

Secretary of Health and Human Services Carmen Hooker Odom promoted the need to replace Cherry and Broughton psychiatric hospitals. Billy Ray Hall of the N.C. Rural Center discussed the need for \$1 billion in sewer and drinking water projects. Advocates for road bonds and land preservation also spoke.

With current revenue far outstripping projections and the lineup of organizations calling for borrowing, most legislators did not seem overly concerned about the treasurer's warnings about the state's rising debt. Sen. John Kerr, D-Wayne, said lawmakers had to address the state's needs to be good stewards. "This thing bothers me," he said, referring to the debt study. About \$600 million of a projected \$18.8 billion budget is expected to go to pay for state borrowing next year.

CAGC Issues: CAGC NC Building Director Dave Simpson and NC Highway-Heavy Director Berry Jenkins are working on a number of issues important to the construction industry, including preserving and increasing NC Department of Transportation funding sources -- an issue important to building contractors. CAGC is working behind the scenes to promote \$1 billion for transportation bonds, \$2 billion for public school construction needs and \$1 billion for water and sewer infrastructure needs.

Other issues we're working on include a tax credit for renovating abandoned mills and using them for other purposes; local option sales tax authority for local government construction needs; toll authority on urban loops; trying to resolve the double payment problem general contractors are facing; trout buffer zone regulations proposed by the NC Department of Environment and Natural Resources. There are lots of other issues we'll keep you up to speed on, including environmental and bidding issues.

SOUTH CAROLINA LEGISLATION

Right to Cure Bill: The right to cure bill, which will give commercial contractors 90 days to repair any defects found on a project before a lawsuit it filed has passed the Senate and been sent to the Judiciary Committee in the House. The legislature adjourns June 1 so we are quickly coming down to the wire, but we are hopeful that we will be able to get this bill final approval before the legislators adjourn.

Senate Completes Property Tax Debate: After close to four weeks of debating a property bill approved by the House, the Senate recently reached an agreement on a very different tax plan. Now, the House and the Governor must sign off on the plan. The compromise approved by the Senate was a scaled back version of the plan but it was the only plan many Senators said they could pass. As approved, the Senate compromise no longer increases the state sales tax but still calls for a local option for counties to raise their sales taxes to fund property tax relief on all classes of property. Also included are County and school operating property tax relief. Thus, the bill includes relief for all classes of property, including cars, rental homes, second homes, and commercial and industrial properties.

Gas Tax Plan Unveiled: With three weeks to go, the House of Representatives took a bold step recently and approved a plan to suspend the state's 16-cent gas tax for three months from October 1, 2006 - December 31, 2006. It will cost \$100 million for the state to repeal the gas tax for three months and the House proposes to replace it using surplus from this year's budget. The gas tax repeal will now have to be approved during a conference committee in the Senate and by June 1, which is the last day of the session.

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