

# CONSTRUCTION FINANCIAL MANAGERS ASSOCIATION

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Associated General Contractors of Minnesota  
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# AGC of Minnesota Overview



- **State's largest construction association**
- **Union & non-union**
- **Building & highway**
- **Generals, subcontractors, suppliers, and affiliates**
- **Voice of the construction industry**
- **Legislative Focus: Build market opportunity**
  - **Bonding bill**
  - **Transportation funding**
  - **Building Jobs Coalition**
  - **Tax issues**
  - **Regulatory issues**



# Video of Senate Office Construction Fall 2014



# Video of Senate Office Construction Fall 2015



# 2015 Session Review

- **Divided Control = Mixed Results**
  
- **Budget & Finance**
  - ❑ **\$1.9B surplus**
  - ❑ **Biennial budget year**
  - ❑ **Surplus dominates**
    - **Tax Relief**
    - **Education**
    - **Transportation**
    - **Rainy Day Fund**
  
- **Policy**
  - ❑ **Few defining issues**
    - **Special session**
    - **67 bills passed**
    - **\$42B biennial budget**
      - **All day pre-k vs. tax relief**
      - **No tax bill**
      - **No transportation bill**
      - **\$800M unallocated**
    - **\$107M bonding bill**
      - **\$34M Capitol restoration**
      - **Flood relief and local bridges**

# 2015 Legislative Session Review

## “Responsible Contractor”

- **Review (2014 Law)**
  - Union initiative
  - Level playing field?
  - Support from specialty contractor associations
  - Mostly vertical market concern
- **Politics**
  - Top building trades priority
  - Last year of Democrat control?
  - Key players/ key positions
  - Certain passage
- **Impact/Need**
  - Overreach?
  - Unintended consequences?
  - Administrative burden
  - Answer searching for problem?
  - Lacks uniform implementation



# Responsible Contractor Amendments (Chapter 64)

- **AGC “Fix”**
  - 1 of 67 bills passed
  - AGC only successful advocate for changes
  - Labor concurrence necessary
  - Chasing ghosts
  
- **Major Provisions:**
  - Clarify definitions
    - Engineering & Design Professionals exempt
    - Motor carriers – annual certification
    - Repeat violations – prevailing wages
  - Eliminate “Sworn Statements”
  - Only apparent low bidder submits sub verification
  - Local authority to debar clarified
  
- **Market Reaction?**
  - Administrative errors and confusion
  - Few violations reported
  - What benefit?



**Responsible Contractor Verification**  
**Minnesota Statute 16.C.285**  
(7-1-15 changes)

( \_\_\_\_\_ )  
(Public Project Name and Number)

The undersigned is an owner/officer of the company and swears that, as of the time of submitting its bid or proposal for the above-referenced project ("Project"), the company verifies compliance with each of the minimum criteria in Minnesota Statute 16C.285, subd. 3.

The first-tier subcontractors that company intends to engage for work on the Project are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

Company will obtain verifications of compliance from each subcontractor with which it has a direct contractual relationship and shall submit supplemental verifications confirming compliance with Minnesota Statute 16C.285, subd. 3, clause (7), following contract award and within 14 days after retaining any additional subcontractors.

Date: \_\_\_\_\_

Company

By: \_\_\_\_\_

Its: \_\_\_\_\_

8 Owner/Officer

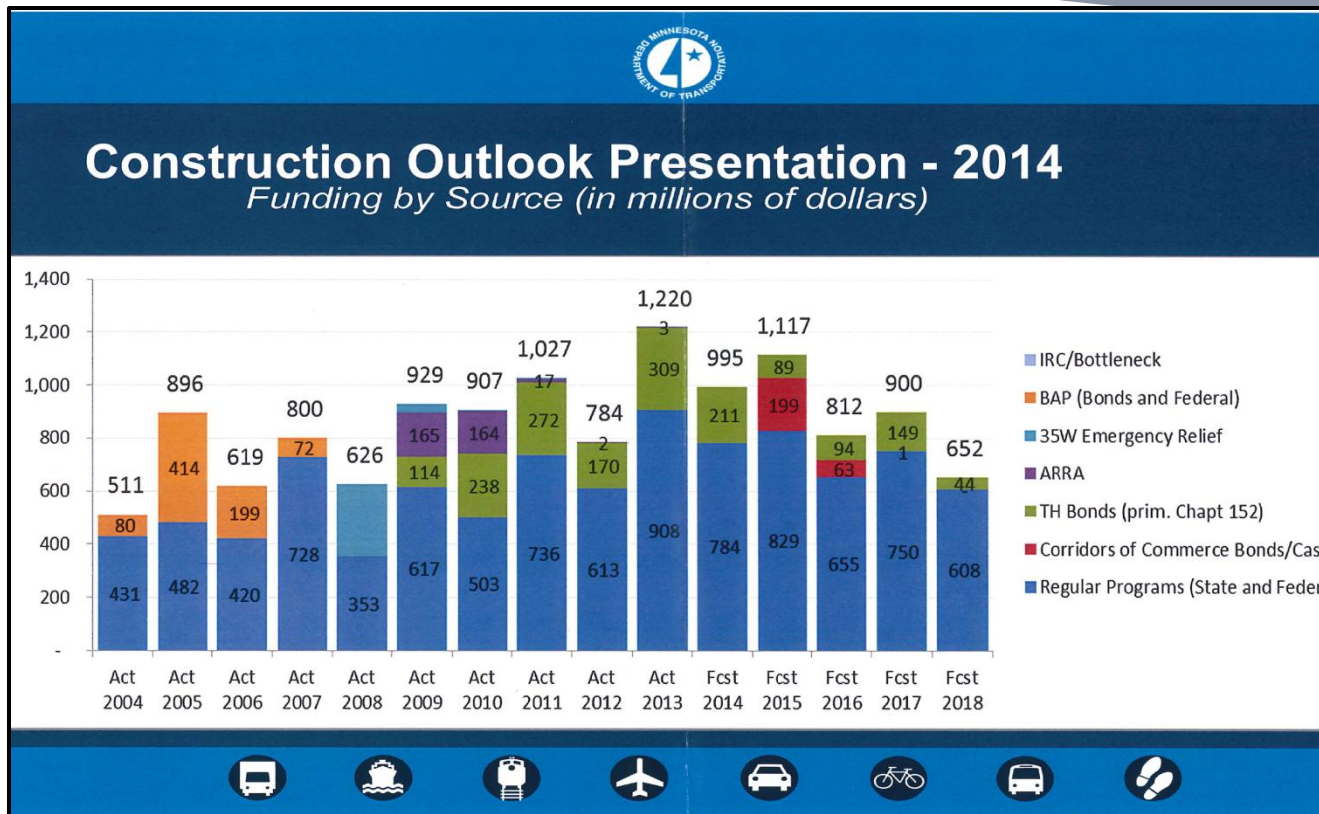


# Transportation Funding

- **Major 2015 Failure**
- **Similar outcomes / divergent paths**
  - **Senate**
    - **\$10B / 10 years**
    - **Gross Receipts Tax**
    - **$\frac{3}{4}$  cent metro transit sales tax**
    - **Registration tax**
  - **House**
    - **\$7-8B / 10 years**
    - **Reallocate sales tax on auto parts (\$300M)**
    - **\$700M G.F. surplus**
    - **MnDOT efficiency**
  - **Now what?**
    - **Bills remain in conference**
    - **Governor and legislative leaders want package**
    - **Progress in Motion (PIM)**
      - ❖ **Text “transportation” to 52886**
      - ❖ **Fundraising**
      - ❖ **Education and Awareness**
    - **P3 authorization?**



# Transportation Funding Projection



# 2016 Outlook

- **Session begins March 8<sup>th</sup>**
  - **10 weeks**
  - **Facilities crunch**
  - **\$2.5B surplus**
  - **Elections focus**
  - **Bonding bill year**
  
- **November financial forecast reveals priorities**
  - **Dayton – all day pre-k and income disparity**
  - **House – No tax increases**
  - **Senate – Modest investments**
  - **Transportation Funding?**
  
- **Bonding**
  - **\$1B bill a possibility**
  - **Supermajority (8-12 Democrat votes needed)**
  - **Surplus will temper bonding size**
  
- **Building Jobs Coalition**
  - **Building focus for vertical construction jobs**

# Other Industry Issues

- **Retainage**
  - **AGC and MSA discussing changes**
  - **Limit to “max 5%”**
  - **Release triggers unresolved**
  - **DBE special concerns**
  
- **Indemnity and Duty to Defend**
  - **Senate bill on floor**
  - **No house action**
  - **Vicarious liability concerns**
  - **Public owner concerns**
  
- **Workforce Diversity**
  - **Increasing pressure to meet workforce goals**
  - **Recruiting challenges**
  - **“Greying” workforce**
  - **Market efficiencies = less workforce demand**
  
- **2015 Construction Industry Assessment**

# Questions?