



 **builders
association**

**Government Relations
Report 2011**

A Message From The Committee Chair

Stephen Olson, W.B. Olson, Inc.



As Co-President of a general contractor that has been with the Builders Association for over 40 years, I've seen first-hand how strong construction industry firms can be when they join their efforts for the good of the construction industry and Chicagoland businesses in general. As a collective unit of businessmen, we have the potential for tremendous positive influence.

There's no single area where this holds true more than in government relations. There is strength in numbers when it comes to meeting with lawmakers, supporting or opposing legislation or simply making the voice of the industry heard. In those areas, I feel like the Builders Association, through its lobbyist and Government Relations Committee, has made great inroads in recent years.

Inside this report, you'll find information on legislative action from this past session, where we stood as an Association on each issue and where it stands as of late summer 2011, before October's state veto session. You'll also view some information on the government relations activities of the AGC of America, which does for our businesses nationally what the Builders Association is able to do at the state level.

I also wanted to take this opportunity to thank the companies that have contributed to our Political Action Committee:

- Bulley & Andrews, LLC
- Joseph J. Duffy Company
- McShane Construction Company
- Oakwood Contractors, Inc.
- Pepper Construction Company
- Thorne Associates, Inc.
- Ujamaa Construction, Inc.
- Valenti Builders Inc.
- W.B. Olson, Inc.
- William J. Scown Building Company

Contributing to our PAC Fund gives us greater leverage in Springfield and help us strengthen relations with the government not just for members of the Builders Association, but for construction in Illinois as a whole. When you receive your Association dues renewal forms in early November, I would encourage you to donate to the PAC in the space provided. Help us look out for the interests of your business.

Please take some time to read about the government developments, both state and national, that have had an impact on our industry this year. If you have any questions about our government relations activities or how you can get involved, please feel free to contact me at sco@wbo.com, or Builders Association President Al Leitschuh at aleitschuh@bldrs.org.

Thanks again for reading, and thanks for your contribution to the Builders Association.

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The People

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Scot Pepper, The Pepper Companies

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Capital Construction Bill

House Bill 312/Senate Bill 1221 (2009)

It's better late than never for contractors who were looking for a Capital Construction Bill.

In 2009, Governor Quinn signed the Illinois Jobs Now! Program, a \$31 million initiative that was the state's first such project in over a decade. The Bill, which called for funding to come from video poker machine proceeds, was challenged in court on its constitutionality and halted.

With an unusual mid-summer decision, the Illinois Supreme Court issued a decision that upheld the constitutionality of the Capital Construction Bill. The program and all of its funding sources are now fully implemented.

Even after a momentary budget blip in May, all systems are in place to sell the second phase of bonds needed for funding. According to lobbyist Jeff Glass, the five-year plan includes the following:

- \$3 billion for school construction
- \$3.3 billion for community development and cultural construction
- \$1.3 billion for environmental construction
- \$3.1 billion for local public works
- \$20.3 billion in transportation spending

In addition to video gambling in bars, the jobs program will be funded by increases in driver's license and license plate fees and higher taxes on alcohol, candy, soft drinks and beauty products.

At the time of the program's original passing, \$125 million was slated to go toward reconstruction of the Kennedy Expressway. A number of projects listed in the bill were engineered to upgrade public transit in the Chicago area, with funds also earmarked for high-speed rail projects.

Senate Procurement

Senate Resolution 0118

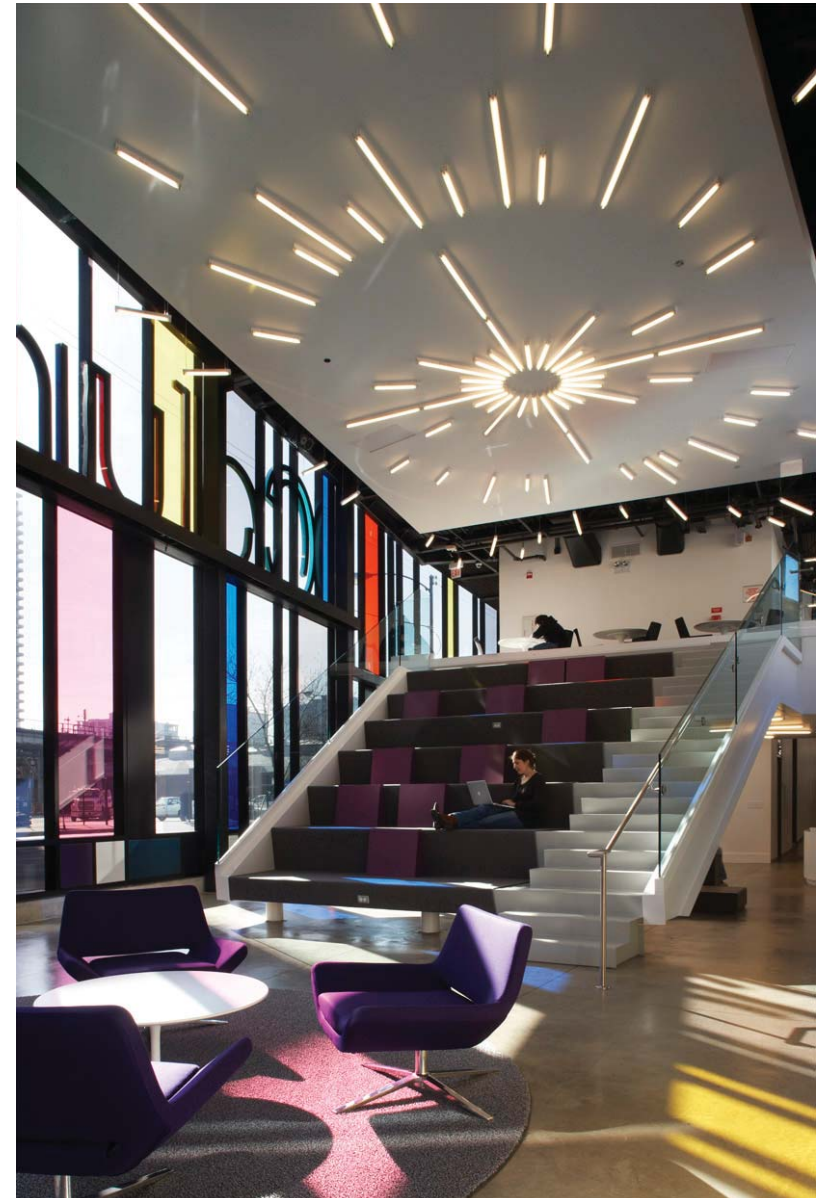
THE SUMMARY: Sponsored by Senator Don Harmon (D-Oak Park), the Resolution sought to create a Senate Committee on Procurement to study all aspects of the State's procurement system.

THE STANCE: The Builders Association monitored the Resolution.

THE STATUS: The Senate adopted the Resolution in March.

This Committee was created with the intent of enacting practical reforms to reduce fraud, waste, mismanagement and abuse while still maintaining efficiency and effectiveness in purchasing goods and services for the State. Among the items to be evaluated: Reporting of procurement communications; Ensuring prudent communications with vendors regarding the execution of contracts; Encouraging private enterprise to share expertise and ideas with the State; Hearing regarding sole source contracts; And disclosure regarding subcontractors.

At right, some of the work completed by W.E. O'Neil Construction Company at Columbia College in downtown Chicago. Projects at colleges around the state could be funded by the Capital Construction Bill.





City of Chicago Coming On Zoning, Landmarks And Building Standards

Chicago's City Council saw a number of changes in the most recent election, and the Committee handling Zoning and Building reflects those changes with new members and a new Chairman. Aldermen on the Committee include:

Daniel Solis (Chairman), 25th Ward

Howard Brookins (Vice Chairman), 21st Ward

Robert Fioretti, 2nd Ward

Michelle A. Harris, 8th Ward

Edward M. Burke, 14th Ward

Toni Foulkes, 15th Ward

Latasha R. Thomas, 17th Ward

Deborah L. Graham, 29th Ward

Ray Suarez, 31st Ward

Richard F. Mell, 33rd Ward

Carrie M. Austin, 34th Ward

Rey Colon, 35th Ward

Timothy M. Cullerton, 38th Ward

Margaret Laurino, 39th Ward

Brendan Reilly, 42nd Ward

Thomas Tunney, 44th Ward

James Cappleman, 46th Ward

Ameya Pawar , 47th Ward



The Builders Association is proud to be a charter chapter of the **AGC of America**, the nation's largest and most effective voice for the construction industry.

Visit the AGC's Legislative Action Center (www.agc.org/cs/advocacy/action_center) to find out more about AGC's government relations activities, and how you can get involved.

Environmental Protection Act - Owner Certification

House Bill 3371

THE SUMMARY: Sponsored by Representative Mike Fortner (R-West Chicago), this Bill amended the Environmental Protection Act to require construction firms and demolition debris operations to meet certification and documentation standards in regard to soil.

THE STANCE: The Builders Association monitored this legislation.

THE STATUS: HB 3371 was passed by both houses and sent to the Governor in June.

This Environmental Protection Act deals with construction or demolition debris. These terms mean non-hazardous, uncontaminated materials resulting from the construction remodeling, repair, and demolition of utilities, structures, and roads.

While the final version of the Bill didn't deal directly with most construction industry firms, lobbyist Jeff Glass believes contractors haven't heard the last of this particular piece of legislation.

"This issue will come back again because, as it's written, it doesn't address the original issue of construction debris and contaminants.

"The EPA Owner Certification Bill was supposed to deal with the aforementioned construction debris. However, when it was passed, it dealt with predominantly quarry and mining debris."

Under HB 3371, operators of uncontaminated soil fill operations must document the following information for each load of uncontaminated soil received:

- The name of the hauler, the address of the site of origin and the owner and the operator of the site of origin of the uncontaminated soil
- The weight and volume of the uncontaminated soil
- The date the soil was received
- Obtain a certification from the owner or operator of the site which the soil was removed from that the site has never been used for commercial or industrial purposes
- A certification from a licensed professional engineer or geologist that the soil is uncontaminated

- Confirm that the soil was not removed from a site as part of a cleanup or removal of contaminants
- Visually inspect each load to confirm that only uncontaminated soil is being accepted
- Screen each load of uncontaminated soil using a device that is approved by the Agency and detects volatile organic compounds
- Documentation of any chemical analysis must

include a copy of the lab analysis, accreditation status of the lab performing the analysis and certification by an authorized agent of the lab that the analysis has been performed in accordance with the Agency's rules for the accreditation

Owners and operators must keep all documentation for a minimum of 3 years of a receipt of each load of uncontaminated soil.

Project Labor Agreements

House Bill 2987

THE SUMMARY: Representative Patrick Verschoore (D-Rock Island) proposed a Bill to require a Project Labor Agreement on a State-funded project when the State, agency, authority, board or instrumentality under the control of the Governor determines that a PLA is in the State's interest. The Act would also set forth terms to be included in such agreements and require the State entity to negotiate in good faith with both the industry and labor.

THE STANCE: The Builders Association actively opposes any legislation that requires PLAs on public jobs.

THE STATUS: HB 2987 was passed by both houses and sent to the Governor in June.

The Project Labor Agreement covers all terms and conditions of employment on specific projects. The Bill as written is very specific, according to Jeff Glass, who was quick to point out that the agreement only impacted publicly funded projects.

"The reason we didn't like it is because it goes against what we've already collectively bargained," said Glass, stating the Builders Association's view. "This bill will be coming up again and will always be on the table."

According to this Act any Project Labor Agreement shall:

- Set forth effective, immediate, and mutually binding procedures for resolving jurisdictional labor disputes and grievances arising before the completion of work
- Contain guarantees against strikes, lockouts, or similar actions
- Ensure a reliable source of skilled and experienced labor
- For minorities and females as defined under the Business Enterprise for Minorities, Females and persons with Disabilities Act, set forth goals for apprenticeship hours to be performed by minorities and females and set forth goals for total hours to performed by underrepresented minorities and females
- Permit the selection of the lowest qualified responsible bidder, without regard to union or non-union status at other construction sites
- Bind all contractors and subcontractors on the public works project through the inclusion of appropriate bid specifications in all relevant documents

Workers' Compensation

House Bill 1698

THE SUMMARY: Sponsored by Rep. John Bradley (D-Marion) and Senator Kwame Raoul (D-Chicago), HB 1698 sought significant reforms to many parts of standing workers' compensation legislation.

THE STANCE: The Builders Association monitored the bill, paying particular attention to what was included and *not* included in the proposal.

THE STATUS: HB 1698 passed both the House of Representatives and the Senate in May, and was signed into law by Governor Pat Quinn in June. The reforms are scheduled to take effect September 1.

The rewrite of the Illinois Workers' Compensation Program will save Illinois businesses money, but as BA lobbyist Jeff Glass pointed out, one issue the Association wanted to see addressed was missing from the reform.

"One issue very important to the Builders Association is causation, and it wasn't addressed in the Act," he said. "This bill was meant to benefit the causation standard, which it did not.

"Under the new system, Illinois businesses are likely to save anywhere from \$375 to \$500 million in premiums. It makes some dramatic changes in the areas of doctor choices, fees and billings, while also providing injured workers with additional protections."

The Act provides a number of reforms that are designed to reduce the burdens on employers. These reforms include:

- Thirty percent reduction in the medical fee schedule, which is projected to save employers close to fifteen percent in premiums
- Provisions designed to guarantee that employees are receiving cost-effective treatment that improves outcomes
- Requirement that physicians and arbitrators only use the standard set forth by the American Medical Association when determining impairment and disability
- A cap on carpal tunnel permanent partial disability payments, which is speculated to save employers around \$19 million
- Denial of claim to workers that were intoxicated and sustained an injury
- A cap on wage differential awards at the age of 67 or five years post-accident, whichever is later, expected to save employers around \$87 million
- Increased utilization review to decrease unneeded treatments, which is expected to save employers as much as five percent
- Enhanced authority for investigating and prosecuting workers that file fraudulent claims

The Act attempts to make sure that payments to injured workers are made promptly in a timely fashion. If they are not, employers face interest and penalties payable to the provider.

Also, there will be enhanced enforcement against employers who fail to maintain proper workers' compensation coverage. Injured employees are safeguarded against treatment disruption by the creation of a process for electronic billing from providers.

Cuts were made to the medical or hospital fee schedule and the cost of implants.



Governor Pat Quinn speaks at the Builders Association's Annual Meeting in 2009 at The Drake Hotel. Among the many pieces of legislation signed by Quinn in the most recent session was the reform of Workers' Compensation legislation.



Two new concepts are in play beginning New Year's Day 2012 according to Glass. The first is that an employer-instituted PPO plan can be offered to the employee that, if not taken, counts as one choice of physician. The second is the ability for the construction industry to collectively bargain a workers' comp package. Each concept will require administrative rules that will be closely monitored.

HB 1698 introduces measures to restructure the Illinois Workers' Compensation Commission, which is the body responsible for operating the state court system for workers' compensation cases. The Commission is now in the process of developing a handbook of state laws on the topic, but is waiting to print until language issues have been resolved.

According to Glass there will be further attempts to address the causations standards during the October veto session.



Healthy Workplace

Senate Bill 0128

THE SUMMARY: Sponsored by Senator Martin Sandoval (D-Cicero), SB 0128 would have required an employer to provide at least seven sick days with pay during each 12-month period.

THE STANCE: The Builders Association opposed this legislation.

THE STATUS: SB 0128 was not voted on in the Senate and was referred to the rules committee.

In addition to requiring that an employer provide seven paid sick days per year, the Healthy Workplace Act would have stipulated that an employee may use those days for:

- Physical or mental illness, injury or medical condition
- Professional diagnosis or care
- Medical appointment of the employee or a family member

“In its original form, the bill was the government mandating business to provide those sick days,” stated Jeff Glass. “It would have interfered with contractor issues, which is one of the reasons it never went anywhere. It would have cost businesses a lot of money.”

Budget

An agreement between Democrats and Republicans in the House of Representatives resulted in a budget that came closer to balanced than preceding plans. With the raising of personal and corporate income taxes in January, the legislature plans to monitor tax revenues and make adjustments during the Veto Session.

Illinois still faces a mountain of debt, as the backlog of unpaid bills continues to grow and will need to be addressed.

Taxes

In response to outcry from contractors and other Illinois businesses, Senate President John Cullerton (D-Chicago) and Speaker of the House Michael Madigan (D-Chicago) have formed a Joint Revenue Committee to discuss improving the State's business tax structure. The Committee hopes to present a report during the Veto Session that deals with various tax policies and makes Illinois a more business-friendly state.

The Builders Association will have separate meetings with the Chairman of the Committee after Labor Day to discuss this and other issues relating to construction.

Veto Session

The fall Veto Session in late October will likely feature action on a number of items, including:

- Gaming expansion
- Supplemental Budgeting
- Com Ed Smart Grid legislation
- Business taxes

Builders Association PAC Donations, 2010-11

<u>Candidate/Committee</u>	
	Hamilton Chang (R, House)
Art Turner (D, House)	Illinois Senate Democratic Fund
Bill Brady For Governor	John Millner (R, Senate)
Brian Doherty (R, Senate)	Republican State Senate Campaign Committee
Carol Sente (D, House)	Ryan Higgins (R, House)
Citizens For Christine Radogno (R, Senate)	Sam McCann (R, Senate)
Citizens For Susan Garrett (D, Senate)	Sara Feigenholtz (D, House)
David Harris (R, House)	Skip Saviano (R, House)
David Luechtefeld (R, Senate)	Speaker Michael Madigan (D, House)
Democratic Party of Illinois	Suzi Schmidt (R, Senate)
Dennis Reboletti (R, House)	Tim Schmitz (R, House)
Friends of Michael A. Alvarez (MWRD)	Tom Cross (R, House)

That's Our Position

Builders Association member companies are actively involved in community affairs and encourage business growth in both the Chicago area and statewide. As such, the Association is engaged in policy information and legislation relevant to the commercial construction industry.

We are committed to business reforms that result in the Chicago area maintaining competitive advantage to appeal to new business and industry.

View our position statements relating to government action below, and all of our position statements online at www.bldrs.org. Look for a brochure containing these statements in their entirety coming to you soon from the Builders Association.

STATE CONSTRUCTION METHODS

The Builders Association is proud to have as members the most respected general contractors and specialty contractors in the Chicago area. Due to the quality of the contractors that are available for state-funded work, it is the Association's opinion that Illinois should consider Design/Build and Construction Manager At-Risk as alternative delivery methods. The use of these delivery methods on these projects would allow contractors more freedom to make decisions impacting the work, help the state by avoiding cost overruns and ultimately allow for better buildings at a significant savings to taxpayers.

The Association strongly believes that the lowest bid isn't always necessarily the best bid, and that the State should use multiple factors to get the best value when choosing a contractor.

DEVELOPMENT TAX INCREMENTS

The Builders Association supports continuing the tax credit structure as an economic development tool without caps or limitations. The Association espouses all efforts that maximize the worth of these economic development tools.

TAX INCREMENT FINANCING

The Builders Association supports maintaining TIF programs to improve the area's ability to attract new business. The Association considers responsible operation of TIFs key to generating jobs and rejuvenating communities.

BUILDING CODE ADOPTION AND ENFORCEMENT

The Builders Association endorses the adoption and enforcement of fair building codes that institute minimum standards for the construction industry and safeguard the public. Adoption and enforcement of such codes should be executed uniformly by properly trained entities possessing related knowledge and understanding, without political or external influences.

MECHANIC'S LIEN STATUTES

The Builders Association feels that any modification of lien statutes should benefit the commercial construction industry as a whole, as opposed to changes that would exclusively benefit one segment of the industry. The Association encourages open dialogue among associations, industry experts and legal representatives relative to this issue.

PERMITTING

A protracted or burdensome permitting process impedes economic development. The Builders Association supports actions by individual permitting agencies or legislation by the State and/or City that would enact standards to be met by county governments, fire districts, municipalities and other government entities that result in timely issuance of permits.



Subcontractor Direct Pay

Senate Bill 0133

THE SUMMARY: Sponsored by Senator Martin Sandoval (D-Cicero), SB 0133 would have amended the Illinois Procurement Code. An amendment of the State Prompt Payment Act, it would have required on public work that the State or agency would pay the amount due directly to the subcontractor pursuant to the bill or invoice provided by the contractor to the State or agency.

THE STANCE: The Builders Association opposed this Bill and consulted other construction organizations.

THE STATUS: SB 0133 was not voted on in the Senate and was referred to the rules committee.

The Builders Association consulted other organizations to poll opinions on whether enacting this Bill as law would lead to private work subcontractor direct payment.

In addition to what's listed above, it would have provided that the requirements of a section concerning payments to subcontractors and material suppliers do not apply to subcontractors pursuant to the Illinois Procurement Code.

Mechanics Lien

House Bill 3636

THE SUMMARY: Sponsored by Representative Chapin Rose (R-Charleston), HB 3636 adds to the provisions concerning a written demand by an owner a mechanics lienholder stating that the lienholder must file suit within 30 days.

THE STANCE: The Builders Association monitored this Bill closely, with a question on a previously attached amendment.

THE STATUS: A third reading of HB 3636 was scheduled for late May. No further action was taken.

The Mechanic Lien Forfeiture Notice amends the Illinois Mechanic Lien Act. In addition to the 30-day time limit on a lien filing, a requirement is that the express warning must be included in the written demand. A failure by the respondent of the notice within 30 days of issuance of the receipt will constitute lien forfeiture.

"The bill never passed mainly because it was just too complex," stated Jeff Glass. "There's a court case going on involving the mechanics lien that will have some impact on whether it comes back up, so we'll have to keep a close eye on the issue."

Other Bills

THE SUMMARY: The Builders Association monitored several other Bills as they made their way through the Illinois State Legislature in the most recent session. Among those we were watching with an interest:

- HB 1228 - Regulation of plumbing licenses, adopting a code of standards
- HB 1462 - Amendment of the Illinois Vehicle Code to clarify the definition of "code enforcement official" and keep closer tabs on construction truck violations
- HB 2607 - A technical change to the Minimum Wage Law
- SB 0038 - For Illinois Plumbing License Law, stipulated that "plumbing" includes rainwater harvesting, but does not include maintenance of any system not required by the Illinois Plumbing Code
- SB 1149 - Creation of the Illinois Quality Jobs Act, which would have included tax incentives for expanding companies and technology projects
- SB 1349 - Changed definitions of "accident" and "injury" in Workers' Compensation Act
- SB 1422 - Technical change in Workers' Compensation
- SB 1511 - Tweaked Unemployment Insurance Act
- SB 1929 - Amended EPA standards for landfill-use debris
- SB 1933 - Provided that unclaimed wages or payroll held by a banking or financial organization is presumed abandoned after one year, decreased from five years
- SB 1971 - Amended timeframe for Mechanics Lien Act

THE STATUS: Every Bill listed above was either stopped, placed in a Rules Committee or postponed for other reasons with the exceptions of SB 1929 and HB 1228, both of which were sent to the Governor with the approval of one of the two legislative bodies.



Sporting Clays

Friday, September 30, 2011, 10:30 a.m.-4:30 p.m.

Northbrook Sports Club, Hainesville

Registration fee: \$300 per person (Proceeds benefit the Builders Association's PAC Fund)

Fee covers: One day membership to the Northbrook Sports Club; Ammunition; Targets; Ear Plugs; Safety Glasses; Lunch; Social Hour Snacks and Drinks

Mail check registrations to: 9550 W. Higgins Rd., Suite 380, Rosemont, IL 60018

Fax credit card registrations to: (847) 318-8586

Register online: www.bldrs.org/news-events/calendar.aspx

Company: _____

Address: _____

City, State, Zip: _____

Phone: _____ Fax: _____

People Attending (Registrants need to bring their own 12 or 20-gauge shotgun)

Name: _____ **Email:** _____

Shotgun: 12-gauge 20-gauge

Name: _____ **Email:** _____

Shotgun: 12-gauge 20-gauge

Name: _____ **Email:** _____

Shotgun: 12-gauge 20-gauge

Name: _____ **Email:** _____

Shotgun: 12-gauge 20-gauge

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Support Those Who Support Your Industry

Builders Association affiliate members provide a number of exceptional services to Chicagoland's contractors.

When selecting a law firm, insurance company, building supply chain, site clean-up service, bank, financial planning or accounting firm or any other service provider, consider selecting someone who's already demonstrated their commitment to the construction industry by joining the Builders Association.

For a complete list, see the Membership section of www.bldrs.org.



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