

ALSO INSIDE:

A MORE EFFICIENT GOVERNMENT COULD COST YOU PAGE 5



**ABCWI.ORG** 

# DELIVERING RESULTS TOGETHER

**SINCE 1973** 



CRANES • FORKLIFTS • MANLIFTS • TRUCKING • SERVICE • SALES • RENTALS

Ideal Crane Rental is your full service lifting specialist. We offer a variety of services needed for contractors and subcontractors to get the job done right, on time and on budget. We have an extensive inventory of equipment for rental or sales including cranes, forklifts, scissors lifts, boom lifts, carrydeck cranes and attachments. As well, we have experienced technicians, parts and trucking to keep your job moving. As a family-owned business with over 45 years of experience, you can be sure our friendly, efficient and well-trained staff will treat you like one of our own.

## CRANE RENTAL, INC.

#### CONTACT

MADISON 608.241.4092 • 800.825.0640

MILWAUKEE 414.463.5438 • OSHKOSH 920.235.2411 LACROSSE 608.784.4862 • GREEN BAY 920.235.2411 TOMAHAWK 920.235.2411

idealcranerental.com



### MERITSHOP CONTRACTOR

## TABLE OF CONTENTS

JULY / AUGUST 2018

- 5 President's Message What more efficient government could cost you
- 6 Commercial Building Code A Summary of Code Changes
- **10 Personal Property Tax** On Machinery
- 14 Speaker Paul Ryan's Political Career
- 16 Construction Not Immune
  A Dose of Reality for
  Wisconsin Employers
- 20 Merit Shop Contractors' Legislative Victories
- 22 Associated Builders & Contractors New Members



Wisconsin Chapter

Website: www.abcwi.org ABC National: www.abc.org President and Publisher: John Mielke Managing Editor: Kyle Schwarm Associate Editor: James Debilzen Art Director: Jayne Laste Design Solutions LLC

Postmaster, send address changes to:

ABC of Wisconsin, 5330 Wall Street, Madison, WI 53718

Merit Shop Contractor Wisconsin is published six times annually by Associated Builders and Contractors of Wisconsin, Inc. (ISSN# 10642978))

5330 Wall Street, Madison, WI 53718. Periodicals Postage Paid, Madison, WI and other additional mailing offices. (UPS 340-650). Subscription price is \$50 per year.



www.facebook.com/abcwi



www.linkedin.com/company/ abc-of-wisconsin



twitter.com/ABCofWisconsin



YouTube.com/TheABCWI



ABCWisconsin

For membership information, contact Deanna Regel at ABC of Wisconsin **608-244-5883** or fax **608-244-2401** 

MERIT SHOP CONTRACTOR





#### Have a seat—let's talk.

Smart decisions start with good conversations. At Sentry, we'll get to know you before proposing business insurance customized to your company.

You talk. We listen. Together, we'll find answers.

Let's get the conversation started at Sentry.com.



#### FROM OUR PRESIDENT

# What more efficient government could cost you



WE OFTEN CRITICIZE GOVERNMENT FOR NOT BEING MORE LIKE THE PRIVATE SEC-

**TOR.** Compare waiting in line at the DMV with shopping online at Amazon. No doubt, government can learn a thing or two from the private sector.

Maybe government can operate more like business, but it can't operate exactly like business.
Businesses serve customers and shareholders.
Governments serve citizens and taxpayers. When private markets are inefficient, participants can price services accordingly or pullout altogether. Governments are required to weigh inefficiencies against other priorities – like fairness and transparency – and are often responsible for services the private sector can't (or won't) deliver.

As government seeks the efficiencies enjoyed by private sector construction users, the line between construction management and construction delivery has become more blurred. According to the American Institute of Architects, "'Delivery' refers to the method for assigning responsibility to an organization or individual for providing design and construction services. 'Management' refers to the means for coordinating the process of design and construction services."

Associated Builders and Contractors has long held the position that government should award contracts to the lowest responsible bidder. In practice, this has meant that ABC supports the design-bid-build project delivery method for public construction. The design-bid-build delivery method may not be the most efficient, but it may be the most transparent.

In a seminal Wisconsin Supreme Court case on construction delivery (*Aqua-Tech v. Como Lake Protection*, 1976), the court concluded that the statutory bid requirements "are intended for the benefit and protection of the public and not of the individual bidder..." and "... are designed to prevent fraud, collusion, favoritism and improvidence in the administration of public business, as well as to ensure that the public receives the best work or supplies at the most reasonable price practicable."

But what happens to fairness and transparency when a firm (or one substantially related) is hired to provide construction management services and then bids for construction delivery services on the same project?

As in years past, I suspect the 2019-2020 legislative session will include proposals to allow public sector construction users access to alternative construction delivery methods (construction manager, design/build, etc.) While these methods are common and useful in the private sector, they are problematic when delivering public sector construction projects.

That's why this summer, in preparation for the 2019-2020 legislative agenda, we are assembling a taskforce of members to scrutinize the various alternative delivery methods. The goal is to determine if there is a delivery method we could support that adheres to our tenets.

Please contact John Schulze, director of legal and government affairs for ABC of Wisconsin, at jschulze@abcwi.org if you want to serve.

— John Mielke

66

ASSOCIATED
BUILDERS AND
CONTRACTORS
HAS LONG
HELD THE
POSITION THAT
GOVERNMENT
SHOULD AWARD
CONTRACTS
TO THE LOWEST
RESPONSIBLE
BIDDER."

#### WISCONSIN'S REVISED

# COMMERCIAL BUILDING

#### A SUMMARY OF CODE CHANGES

By Mindy Allen, Administrative Rules Coordinator — Division of Policy Development, and Steve Dobratz, Section Chief — Division of Industry Services, Department of Safety and Professional Services

s you are probably aware, the Department of Safety and Professional Services (DSPS) has now completed promulgation of Wisconsin's Commercial Building Code (SPS 361 to 366). The final rule became effective on May 1, 2018.

Primarily, the rule revisions update the model building codes from the 2009 to the 2015 editions of the model codes produced by the International Code Council (ICC). The revisions also update the adopted technical standards and incorporate legislative requirements since the last rule revision, such as 2013 Wisconsin Act 270, 2015 Wisconsin Act 240, and 2015 Wisconsin Act 333.

In 2015, DSPS staff, along with the governor-appointed members of the Commercial Building Code Council, began a methodical and comprehensive review of the commercial building code. The council members consisted of building inspectors, contractors, architects, engineers, designers, and experts in the building trades and fire service. Over the following year, the council reviewed outdated standards incorporated by reference in chapters SPS 361 to 366 and researched thousands of significant changes contained in the 2012 and 2015 editions of the model building codes and their associated standards. The council looked to iden-

tify requirements that could impose an undue financial burden that did not appear to be offset by improved life-safety or cost savings.

After reviewing the council's recommendations and nearly 300 written comments received during the three public hearings held around the state, DSPS ultimately adopted approximately 95

percent of the new changes in the 2015 ICC model codes.

The Department determined about 40 of the new ICC changes would have an adverse effect on stakeholders. The code was then modified accordingly.

These modifications – or exceptions to the model codes – are commonly referred to as "Wisconsinisms."

These modifications to the 2015 model building code

provisions are not required under Wisconsin's revised 2015 commercial building code as a new provision in the rule allows owners and designers to voluntarily implement a more recent edition of the model building code suite than what is adopted in the commercial building code. If this option is used, the more recent editions of the model code suite must be used in their entirety, including any updated referenced standards.

The following paragraphs provide an overview of many of the substantial changes that are included in each chapter of the updated commercial building code:

JULY/AUGUST 2018 MERIT SHOP CONTRACTOR



establishes standards for the administration and application of the commercial building code relating to plan submittal and approval, procedures for submitting petitions for variance, inspection, product and standard review and approval, and rules that allow local jurisdictions to examine plans and inspect buildings.

CHAPTER SPS 362

amends the 2015 edition of the International Building Code (IBC)



**SPS 363** 

CHAPTER adopts the 2015 edition of the International Energy Conservation Code (IECC) and modifies provisions from the IECC or ASHRAE 90.1 to adapt to Wisconsin's needs.

CHAPTER

establishes standards related to heating, ventilation, and air conditioning requirements and modifies provisions from the 2015 edition of the International Mechanical Code (IMC).

Chapter SPS 361 establishes standards for the administration and application of the commercial building code relating to plan submittal and approval, procedures for submitting petitions for variance, inspection, product and standard review and approval, and rules that allow local jurisdictions to examine plans and inspect buildings. Revisions to this chapter include the following modifications:

SPS 361.05 updates the model building codes used in chapters SPS 361 to 366 from the 2009 edition to the 2015 edition of the model building codes.

SPS 361.30 clarifies industry practice for calculating total building volume.

SPS 361.36 (1) (g) clarifies that plan approval for bleachers and canopies will expire two years after the approval date.

SPS 361.40 (3) (b) requires the owner to retain a new supervising professional within 30 days if the supervising professional withdraws from a construction project.

SPS 361.41 (1) creates a provision for on-site inspections to be conducted within five business days, when required, and permits construction to proceed if the inspection has not been completed within that timeframe.

SPS 361, Subchapter V is created to establish procedures for approving and inspecting modular multifamily dwellings and their components. Standards for modular dwellings are established as part of Wisconsin's uniform dwelling code. However, this revision recognizes that standards for multifamily dwellings are established under chapters SPS 361 to 366 and incorporates requirements into the commercial building code.

SPS 361.51 (8) is created to allow building owners and design professionals to use a more recent edition of the model building codes in lieu of the code edition adopted under SPS 361.05 if the model building code is used in its entirety and the code is identified in plan documents. Currently, a building owner or design professional must either submit a petition for variance or a request to use an alternate standard under SPS 361.51 to use a



#### CHAPTER SPS 365

establishes standards for the design, installation, operation, and maintenance of fuel gas piping systems and utilization equipment, and gaseous hydrogen systems and adopts the 2015 edition of the International Fuel Gas Code (IFGC).

CHAPTER establishes standards for the repair, alteration, change of occupancy, addition, or relocation of existing buildings and adopts the SPS 366 2015 edition of the International Existing Building Code (IEBC).

MERIT SHOP CONTRACTOR JULY/AUGUST 2018



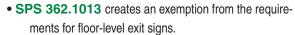
## THE RESULT IS A CONSENSUS **UP-TO-DATE BUILDING CODE** THAT STRENGTHENS **PUBLIC HEALTH AND SAFETY** WHILE ACHIEVING **ECONOMIC VALUE**.

more current version of a building code. This provision allows the use of such code without requiring payment of a separate fee or application. Municipalities are permitted to contract with a third-party inspection agency to perform plan reviews.

Chapter SPS 362 amends the 2015 edition of the International Building Code (IBC) and includes the following modifications:

- SPS 362.0306 permits the production or manufacturing area of cheese factories to be classified as a group F-2 occupancy.
- SPS 362.0423 eliminates the mandatory storm shelter requirements in Wisconsin. If a storm shelter is provided, it shall be constructed in accordance with ICC 500.
- SPS 362.0504 creates an exception from height and story requirements for A-2 occupancies listed under SPS 362.0903 (18) (b) 2. relating to sprinkler exemptions for repurposed agricultural buildings located on a farm premise.
- **SPS 362.0506** is necessary to correct an error that appears in the 2015 IBC Table 506.2 for I-3, Type IIA construction.
- SPS 362.0903 (5) modifies the automatic sprinkler requirements for multifamily dwellings to attempt to align the building code requirements with s. 101.14 (4m) (b) 2., Stats.
- SPS 362.0903 (12) to (17) creates some exemptions from, or clarifies requirements for, automatic fire sprinkler systems under certain conditions and occupancies.
- SPS 362.0903 (18) creates an exemption from fire sprinkler requirements in certain buildings, including rural banquet halls, restaurants, taverns, and bars, farm buildings temporarily or permanently repurposed for use for weddings or similar events, places of religious worship, and cabins, camp or lodge buildings that do not have access to a municipal water supply to operate a fire sprinkler system. This section also creates a new administrative option that will allow for buildings not exempt from fire sprinkler requirements under current IBC requirements to build without a sprinkler system and without seeking a petition for variance if the building meets the Wisconsin requirements and limitations and is approved by the local commercial building inspector and fire code official.

• SPS 362.1010 (3) modifies the requirements under IBC section 1010.1.10 relating to installation of panic and fire exit hardware on doors in electrical rooms.



- SPS 362.1015 clarifies where guards located along elevated open-sided walking surfaces are required, including roofs.
- SPS 362.1107 modifies the requirements under IBC section 1107.7.2 and maintains 2009 IBC requirements related to multi-story units by eliminating the requirement for additional living spaces to be located on the accessible level.
- SPS 362.1210 (2m), 362.2900 (3), 362.2901, and 362.2902 modify the requirements relating to privacy screens or partitions for urinals and water closets, providing for urinals to be substituted for water closets, and allowing the minimum number of toilet fixtures to be provided in unisex toilet rooms.
- SPS 362.1405 (1m) and (2m) modifies the requirements under IBC section 1405.3.1 to require that Class I or II vapor retarders be provided on the interior side of frame walls and ceiling assemblies and extends vapor retarder requirements to ceiling assemblies, providing requirements that are consistent with the Uniform Dwelling Code (UDC).

SPS 362.1809 exempts floating slabs used with non-masonry, unheated, single-story buildings that are less than 12,000 square feet and utilized for low occupant load or unoccupied minor storage from requirements for frost protection of foundations.

Chapter SPS 363 adopts the 2015 edition of the International Energy Conservation Code (IECC) and modifies provisions from the IECC or ASHRAE 90.1 to adapt to Wisconsin's needs. The 2015 IECC lays out the energy requirements for residential and commercial buildings in separate sections, which is substantially different than the 2009 IECC. Consequently, many of the modifications to SPS 363 were to renumber provisions to correspond to the new numbering system used in the 2015 IECC. This chapter also modifies the 2015 IECC requirements and retains the requirements from the 2009 IECC for the prescriptive compliance method due to cost con-

JULY/AUGUST 2018 MERIT SHOP CONTRACTOR

cerns. Although this chapter modifies the 2015 IECC, the excluded provisions may be voluntarily implemented in a building project. Additional modifications to this chapter include:

Modifies certain insulation requirements related to the building envelope, efficiency package options, and total energy performance compliance requirements (SPS 363.0402, 363.0406, 363.0407, 363.5402, and 363.5403 (3)).

- **SPS 363.0401** excludes automatic receptacle control requirements under ASHRAE 90.1 section 8.4.2 from the requirements.
- SPS 363.0403 (6) to (11) modify requirements relating to building mechanical systems.
- SPS 363.0403 (9), 363.0404 (5), and 363.0408) modify requirements relating to system commissioning.
- SPS 363.0405, 363.0503, and 363.5404 modify requirements relating to high-efficiency lighting and lighting controls.

Chapter SPS 364 establishes standards related to heating, ventilation, and air conditioning requirements and modifies provisions from the 2015 edition of the International Mechanical Code (IMC). Revisions include:

- SPS 364.0202 is revised to include new definitions for "enclosed parking garage," "living area," and "motorized vehicle" and revises the definition of health care facility to include community-based residential facility.
- SPS 364.0309 (3) allows spot heating to be used to heat individual work stations in an industrial building in lieu of heating the entire space if the design temperature at the station is at least 60 degrees.
- SPS 364.0401 clarifies how the distance of intake openings from the lot line should be measured.
- SPS 364.0403 (5) (d) 4 provides an exception to air exchange requirements.
- SPS Table 364.0403 is modified to update ventilation requirements and explanatory notes for nail salons, aircraft hangars, enclosed parking garages, and warehouses. This section also clarifies that a mezzanine floor area open to a service or repair area may not be included as floor area when determining the exhaust rate from a room or space.
- SPS 364.0404 revises mechanical ventilation requirements for enclosed parking garages to provide additional options and clarify current requirements for ventilating enclosed parking garages over those required in the IMC.
- SPS 364.0505 and 364.0507 (1) to (3) creates exemptions and modifies the requirements under IMC section 505.4 relating to domestic and commercial kitchen exhaust equipment.

- **SPS 364.0602** modifies the requirements under IMC section 602.2.1.1 relating to non-combustible materials within plenums.
- SPS 364.0607 (1m) creates new language describing a condition under which supply and return smoke dampers shall be closed.
- SPS 364.0802 creates an exemption for the requirements under IMC section 802.9 relating to door swing.

Chapter SPS 365 establishes standards for the design, installation, operation, and maintenance of fuel gas piping systems and utilization equipment, and gaseous hydrogen systems and adopts the 2015 edition of the International Fuel Gas Code (IFGC). The rule revision clarifies that barometric dampers may not be used for combustion air and creates an exemption from the requirements relating to door swings, which compliment requirements in chapter SPS 364. This rule revision also clarifies language related to unvented heaters and updates the reference to the ANSI Z223.1/NFPA 54 standard.



Chapter SPS 366 establishes standards for the repair, alteration, change of occupancy, addition, or relocation of existing buildings and adopts the 2015 edition of the International Existing Building Code (IEBC). This rule revision renumbers provisions to reflect changes in numbering between the 2009 and 2015 editions and makes the following revisions:

 SPS 366.1102 creates new language that allow buildings that meet the legacy Wisconsin unlimited area provisions to have unlimited area additions without a separating firewall.

SPS 366.1204 exempts historic buildings from building envelope requirements in the IECC except for certain provisions outlined in the rule.

• SPS 366.1401 (4) creates an additional requirement under IEBC section 1401.2 relating to providing plumbing fixtures in quantities specified in the IBC if occupant load increases by more than 20 percent.

MERIT SHOP CONTRACTOR

JULY/AUGUST 2018 9



# WE COMMEND THE CONTRACTORS, BUILDING INSPECTORS, FIRE CHIEFS, SKILLED BUILDING TRADE PROFESSIONALS, AND ENGINEERS THAT HAVE SPENT THE BETTER PART OF THE PAST TWO YEARS

HAVE SPENT THE BETTER PART OF THE PAST TWO YEARS
SERVING ON THE COMMERCIAL BUILDING CODE COUNCIL.

The Department feels the final building code strikes a balance between the safety of Wisconsin's citizens while keeping building costs affordable. This same sentiment is summed up by several stakeholders who wrote in their public hearing testimony, "We commend the contractors, building inspectors, fire chiefs, skilled building trade professionals, and engineers that have spent the better part of the past two years serving on the Commercial Building Code Council. The Council applied their significant combined valuable experience and ensured an inclusive, transparent process that included the views of all interested parties. The result is a consensus up-to-date Building Code that strengthens public health and safety while achieving economic value."

The Department encourages stakeholders to visit the DSPS website at dsps.wi.gov (click on Self-Service) and subscribe to receive electronic notifications of DSPS news, updates, and

notices. Recently, the Division of Industry Services (DIS) disseminated a notification pertaining to new "insert pages" for chapters SPS 361 to 366 that have been found to be helpful to identify the various Wisconsinisms. The insert pages, along with several new and updated FAQs pertaining to the code update and related topics, may be accessed under the Publications section of Commercial Buildings page of the DSPS website.

Note: The Wisconsin Legislature recently passed several pieces of legislation after the final rules were adopted. This legislation includes 2017 Wisconsin Acts 59, 198, 243, 317, 329, 330, and 331. Consequently, these requirements were not included in the rule package and will require future rule-making to update the commercial building code to reflect this legislation. The final commercial building code is available on the legislative website at docs.legis.wisconsin.gov.



#### PERSONAL PROPERTY

# ON MACHINERY

#### **HOW ITS REPEAL IMPACTS CONSTRUCTION CONTRACTORS**

By Ryan Gartman, Principle at CLA — CliftonLarsonAllen

Understanding how federal tax reform will affect your business has received much press and dialogue for the construction industry. However, local property tax reform changes have not received guite the press and interest that federal tax reform change has. Business owners are looking for places to turn for advice. The 2017-2019 State Budget, recently signed into law by Wisconsin Gov. Scott Walker, included a repeal of the personal property tax on all machinery. Job site equipment and shop machinery are now exempt for property tax filings effective Jan. 1. 2018.

#### What happened?

Prior to 2018, only machinery used in manufacturing was exempt from personal property tax in Wisconsin. As the Wisconsin Legislature evaluated a change to personal property tax, the most impactful property reclassification that would still fit within the state budget was machinery. The state approved reform reclassifying all machinery, historically reported on Schedule C of the Wisconsin property tax return, as exempt property. The state intends to reimburse local municipalities for lost revenue from their historical Schedule C receipts.

#### What does this mean?

While limited in formal guidance for companies in Wisconsin, the state provided the following definition of machinery; "a structure or assemblage of parts that transmits forces, motion or energy from one part to another in a predetermined way by electrical, mechanical or chemical means." (Wis. Stat. §70.111(27) (a).

The Wisconsin Department of Revenue has published the updated Form PA-003 to report personal property tax for 2018 and beyond. Schedule C, where this machinery had been previously reported, has now been blacked out from the report.

As an aside, the personal property tax law changes also included a reporting repeal on all property previously reported on Schedule D1 (which is now blacked out), which covered exempt computer equipment and software (owned), cash registers and single-function fax machines.

#### machinery;

"a structure or assemblage of parts that transmits forces, motion or energy from one part to another in a predetermined way by electrical, mechanical or chemical means." (Wis. Stat. §70.111(27) (a).

# CONTRACTOR STATEMENT OF BUILDING MATERIALS PURCHASED Section 77.54 (gm), Wis. Stats. What is the purpose of the form? Under Wisconsin issur a construction contractor, in fulfillment of a real property construction activity, may purchase building materials (a) are transferred to a Wisconsin country, oity, visige, town, school district, country-tryl hospital, sewerage commission, methodial nesewerage district, joint local water authority, or qualifying nonprofit organization, and (2) become a part of a qualifying facility located in Wisconsin that is owned by that entity. Use this form to document your purchases of such building materials. Highways, streets, and roads are not qualifying facilities, even if located within a facility. Am I required to use this form? No. This form is for record-keeping purposes only. Completing this form does not relieve you of liability. You must provide the seller a fully completed exemption certificate (e.g., Form S.211) when making purchases of materials that are not taxable for sales and use tax purposes. Instructions Retain corresponding purchase orders/invoices with this form. Retain corresponding purc

For limited construction enterprises that were classified as manufacturing already, please note that, because manufacturing machinery was already exempt from Wisconsin's personal property tax, the changes will not have large affects on manufacturing company classifications.

For most of the state's construction companies, this should have been considered in the annual filing, usually due in March. For items previously included on Schedule C: Machinery, your default position should have been to remove these items from the return (unless clearly misclassified in the past).

#### **Opportunities**

Going forward, construction companies should evaluate whether their property is required to be included elsewhere on the property tax return or is an otherwise exempt item. If this is not the case, evaluate whether the property meets the new definition of machinery and can be excluded. For items that you have reclassified to machinery on the Jan. 1, 2018 return, the validity of this reclassification will ultimately be at the discretion of your local assessor. Local municipalities have already been scrutinizing the reporting done by construction companies. Therefore, in these early years following this legislative change, it will be important to make those reclassifications as future attempts to reclassify something to exempt machinery will likely be even more challenging.



MONROE, WI

800-978-8785

DE PERE, WI

877-814-7605

MERIT SHOP CONTRACTOR

MARSHFIELD,WI

800-882-1900

The repeal of the Wisconsin personal property tax on non-manufacturing machinery, tools, and patterns will likely result in significant tax savings for all companies with offices in Wisconsin. It is important to review all schedules on Form PA-003 for exempt machinery, not just Schedule C. There may have been machinery previously reported on other schedules that is/are now exempt.

#### Other reminders

Don't forget, effective for contracts entered into on July 1, 2018 or later, the exemption for products sold in relation to a real property construction contract with a tax-exempt entity is also expanded to include contracts with Wisconsin colleges and educational institutions. This comes from a windfall of administrative burden lifting dealt out from Act 59 last September.

In 2013, Wisconsin enacted a sales tax exemption for products sold by a contractor as part of a "lump-sum" contract for real property construction if the sales price assigned to the products was less than 10 percent of the total, lump-sum contract price. Effective for contracts entered into after Dec. 1, 2017, this exemption has been expanded by Act 59 to apply to all real property construction contracts, whether or not they are quoted as a "lump sum." However, in order for the exemption to qualify, the total sales price of the products still must be less than 10 percent of the total contract price.

Act 59 also expands this exemption to apply to both prime contractors and their subcontractors. If a prime contractor qualifies for this exemption, then the prime contractor is still considered the consumer of the products and must pay the related sales/use tax. In addition, if a prime contractor qualifies for the exemption, then the sale of products by the subcontractor to the prime contractor is now also exempt if the total sales price of the taxable products is less than 10 percent of the total contract price. In



ABC member Ryan Gartman of Clifton-LarsonAllen (left) visiting with State Senator Devin LeMahieu (right).

those cases, the subcontractor is deemed to be the consumer of those products and must pay sales/use tax on them.

These recent state and local tax developments should help lower property tax assessments to contractors in this state. The developments should also lower the administrative time involved with passing through sales tax exempt material to the public sector.

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, investment or tax advice or

opinion provided by the author to the reader. The reader also is cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of nontax and other tax factors if any action is to be contemplated. The reader should contact his or her tax professional prior to taking any action based upon this information. The author assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein.

# • READY MIX CONCRETE • MASONRY MORTARS • BUILDING PRODUCTS FOR THE CONCRETE AND MASONRY CONTRACTOR • AGGREGATES FOR THE CONSTRUCTION INDUSTRY



LYCON INC. is a family owned supplier of ready mix concrete, masonry mortar and building materials serving Wisconsin. We are committed to providing quality products and services to our customers.



Concrete/Aggregate 800-955-7702 • 800-955-8758 • 866-575-1389 Mortar/Building Materials 877-599-5090

www.lyconinc.com

MERIT SHOP CONTRACTOR

# A CONGRESSMAN'S VIEW OF SPEAKER PAUL RYAN'S POLITICAL CAREER

By U.S. Representative Glenn Grothman

Whenever Congress is in session, a group of members gather in the Capitol for Wednesday morning Bible study. It was during our session, on April 11, that I received a call from my chief of staff saying that Paul Ryan wanted to have a conference call with the Wisconsin delegation later that morning.

When we concluded the Bible study, I walked back to my office and asked, "Why does Speaker Ryan want to have a conference call with all of us from the Wisconsin delegation?"

A few minutes later, Paul was telling us that he would not seek re-election in the fall, but would finish his term as Speaker of the House. He told us that his time in Congress had run its course and now, with kids in high school, he needed to be in Wisconsin more often to spend quality time with his family. This announcement didn't particularly shock me. Paul has always been a family man, even before he was Speaker of the House.

I pride myself in staying in touch with my constituents by both communicating with them through the mail and by attending community events. It's rare that a night goes by where I don't attend a fish fry, Kiwanis Club meeting or church fundraiser. Believe it or not, I remember meeting Paul at these and other local GOP events in the 1990s. I remember him as a bright young man who was not afraid of taking the lead and expressing his opinion, which was surprisingly well-thought-out for his age.

After getting to know this young man, who was interested in helping his community by volunteering, I was happy to see him take his public service commitment to

the next level when he ran for Congress in 1999. I knew his passion for our home state would drive him to do great things, but I don't think anyone predicted just how high his ceiling was.

When Speaker John Boehner resigned in 2015 and House Republicans were looking for someone to take his job, Paul's name was floated by more than one person. I remember being down in the members' gym and seeing Paul hounded by other Congressmen to throw his hat in the ring for the Speaker job. Time after time, Paul would give them the same answer; he was reluctant to take the position because that would mean more time on the road and less time in Wisconsin with his family.

In my view, a successful Speaker of the

House must meet seven requirements. First, he must suffer fools gently. The Speaker deals with criticism on a daily basis from people both inside and outside of the Washington bubble and must have the ability to take the criticism along with the praise. Second, the Speaker must have the ability to forgive. Third, the Speaker must have native intelligence, meaning it has to be someone who has experience navigating the swampy waters of D.C. The fourth trait might seem like a given, but if you have spent time in Congress, you'll know that it is hard to come by, and that's having common sense. Fifth, the Speaker must have the ability to raise money for the party. Sixth, the Speaker can't have enemies, and anyone who knows Paul



Paul Ryan appears on C-Span after winning election to the House of Representatives in 1998.

MERIT SHOP CONTRACTOR



ABC of Wisconsin executive leadership members Greg Jones (left), Jay Zahn (right) and Dan Bertler (second from right) meet with Paul Ryan on the Speaker's balcony during ABC Legislative Week visits in June.

knows that he is the most likeable guy you will ever meet. And seventh, the Speaker of the House must be willing to work 90 hours per week. This was the one that concerned Paul the most because most of those 90 hours would not be spent in Wisconsin.

After a month of hearing the arguments put forth by his peers and endless speculation by the news media, Paul decided that he would accept the job of 54th Speaker of the House if elected by members of Congress.

To me, that illustrates the kind of guy Paul is. He wants to be a team player. Paul made personal sacrifices by selflessly giving up time with his family for the good of the country. For these reasons, I knew his tenure as Speaker wouldn't last forever.

Paul's time as "Speaker Ryan" may not have been the longest, but the accomplishments will be felt for generations. In addition to passing legislation that will increase support for career and technical education, holding the Veterans Administration (VA) accountable, rolling back burdensome Dodd-Frank regulations that will now allow local banks to better serve their communities, mounting an unprecedented attack on the opioid abuse epidemic and other bills that have allowed the stock market to reach record lows, Speaker Ryan ushered

in historic tax reform that is already providing much-needed relief for middle class families. Just look at your pay stub this month compared to the same time last year – the vast majority of Wisconsinites will see a decrease in federal withholding and an increase in take-home pay.

The Tax Cuts and Jobs Act (TCJA) was the largest reform to our tax code since the 1980s. It has not only allowed Americans to keep more of their hard-earned money, but it has resulted in billions of dollars in bonuses, raises and companies investing in their employees through training and benefits programs.

This legislation was given the title of House Resolution (H.R.) 1, which is significant in and of itself. Each session of

Congress, H.R. 1 is reserved for the party in power's main legislative goal. Remember when you got your driver's license and you wanted to buy a new Corvette but could only afford a "sensible" used car? H.R. 1 is like that Corvette. You want it. Your friends want it. But it's highly unlikely that you'll be driving it. Speaker Ryan managed to get the "Corvette," tax cuts for the middle class; a feat not easily achieved.

I believe Speaker Ryan will be forever known as the family-first Speaker. For this reason, I think it is fitting that his signature achievement is a bill that will help other families by allowing them to keep more of their hard-earned money, all while growing the economy and enabling Wisconsinites to realize the American dream.

From the beginning, he was very vocal about not wanting the duties of Speaker of the House to cut into his time in Wisconsin. Now, he is acting on that wish and will be spending more time with family and friends.

Paul will be successful in whatever endeavor the future holds for him. But more importantly than the job he decides to take, I wish him luck with his wife and kids. In his retirement from politics, I'm sure he will fill some of his free time by continuing to influence the discourse in Washington. He is too talented not to. I have Paul's cell phone number and he has mine. I look forward to continuing to seek his advice and counsel in the future.



Paul Ryan (left) chats with ABC of Wisconsin President John Mielke (right) at a candidate fundraiser.

MERIT SHOP CONTRACTOR

JULY/AUGUST 2018

# CONSTRUCTION NOTIMINATION A Dose of Reality for Wi

By Attorney General Brad Schimel

BY NOW, MOST OF THE STATE IS WELL AWARE OF THE DRUG CRISIS THAT HAS BEEN BROUGHT ON BY THE OPIOID EPIDEMIC. Unfortunately, the construction industry is not immune to the devastating effects of opioid abuse.

When I was running for Attorney General in 2014, much of the state hadn't been inundated with stories about how addiction to opioids was changing the lives of our family, friends, neighbors and coworkers. Over the last four years, we've found success in our Dose of Reality campaign to prevent prescription painkiller abuse. We've produced ads and outreach materials targeted at numerous audiences, including the medical community, seniors and caregivers, veterans, tribal communities, teachers and coaches, and parents and students. Even though we have made great progress educating the public in recent years on the dan-

gers of opioid abuse and the scope of the opioid epidemic in Wisconsin, there is still a lot of work that needs to be done. And there needs to be more attention focused on the effect opioid abuse is having in the workplace and on the struggles employers face.

I have a close friend who owns three restaurants. Two years ago, one of his hostesses died of a drug overdose. He also said he and his managers interviewed nearly 300 people for positions at his restaurants throughout the year, not because there were that many positions to fill, but because he had to continuously let people go because of absenteeism – a common sign of prescription drug abuse.

Drug overdoses kill more people than car accidents in Wisconsin, and those deaths aren't all caused by "hard street drugs." In fact, prescription narcotic painkiller over-

JULY/AUGUST 2018 MERIT SHOP CONTRACTOR

# PRESCRIPTION NARCOTIC PAINKILLER OVERDOSES KILL MORE PEOPLE THAN HEROIN AND COCAINE COMBINED

# sconsin Employers

doses kill more people than heroin and cocaine combined. With more than 163,000 Wisconsinites addicted to prescription opioids, we all have a role in preventing that number from increasing.

I'm writing to you, as a Wisconsin employer, to deliver this dose of reality: prescription opioid abuse is affecting your business. An Indiana study found that four out of five employers have had to deal with opioid prescription painkiller addiction and/or abuse in the workplace. Wisconsin and Indiana have an awful lot in common, and if we conducted the same survey here, we should expect similar results, especially



MERIT SHOP CONTRACTOR

JULY/AUGUST 2018 17



# WHAT CAN YOU DO AS AN EMPLOYER?

- Educate your employees about the dangers of prescription painkiller use through educational materials like posters, flyers and brochures found at www.DoseOf-RealityWI.gov, at no cost to employers.
- Train supervisors to recognize the potential signs of drug impairment and know how to help.
- Consider implementing an Employee Assistance Program (EAP), if you don't
  have one already, that can offer employees up to three confidential counseling
  sessions at no cost to the employee on a wide range of mental health issues.
- After first consulting your human resources professional and/or legal counsel, evaluate your company's drug policy and consider including prescription medications in the policy and in your drug testing regimen. Individuals who are successful in recovering from drug abuse can and will be successful employees, but they need early intervention and the support of their employers and coworkers.
- Also, consider encouraging your employees to participate in the safe and convenient drug disposal program that DOJ runs, either through this fall's Drug Take
  Back Day on Saturday, Oct. 27 or at one of nearly 400 permanent drug disposal
  boxes located throughout the state. At every Drug Take Back location, you can
  safely dispose of prescription and over-the-counter medications.

To learn more details or to find a Drug Take Back location near you, go to www.DoseOfRealityWI.gov/Find-A-Take-Back-Location/.

MORE THAN

163K

WISCONSINITES ARE ADDICTED TO PRESCRIPTION OPIOIDS considering 80 percent of Worker's Compensation claims in Wisconsin involve narcotic pain medications like Percocet, Vicodin, Oxycontin, and Hydrocodone.

The Wisconsin Department of Justice has teamed up with the medical community and educators, but the opioid epidemic stretches far beyond the doctor's office and classroom. We need Wisconsin's employers, including construction contractors, to help too. Together, we can make our workplaces safer and we can save lives. But also, opioid abuse is affecting your bottom line. Prescription opioid abuse costs U.S. employers \$26 billion per year. Workplace insurers

spend \$1.4 billion per year on narcotic painkillers. Wisconsin employers cannot afford to ignore this epidemic.

Even if all of your employees who are prescribed painkillers are using them appropriately and no one at your business is struggling with addiction, opiate abuse could still be reaching into your business by affecting your employee's family members. Seventy percent of people who are addicted to prescription opioids didn't get their first pills from a street dealer. They got them from a family member or friend. That's why I'm asking you to be a resource to your employees. An employer can be a safe place to turn to for

# OF PEOPLE WHO ARE ADDICTED TO PRESCRIPTION OPIOIDS DIDN'T GET THEIR FIRST PILLS FROM A STREET DEALER.

help or guidance, either for themselves or a family member, and thus can be an opportunity for early intervention.

Many of the small business owners I know treat their colleagues and employees like family, and would never want to see them fall victim to opioid abuse. There are simple steps you, and every citizen in this state, can take to end this epidemic. Help us spread the important message about safe use of prescriptions. Please go to www.DoseOfRealityWI.gov to learn how we can make our state safer and healthier. 🛳



Attorney General Brad Schimel



Aetna Funding Advantage is a health plan built with your business in mind. It offers the benefits of self-funding like the potential for lower monthly payments\* with the financial protection and simplicity a small business needs. Now, Aetna and ABC Insurance Trust are working together to offer ABC member companies a 2% discount.\*\*

- \* Savings based on choosing an Aetna Funding Advantage plan over an ACA community-rated plan.
- \*\*Terms and conditions apply to the 2 percent discount on group administrative fees for full details contact ABC Insurance Trust. The 2 percent discount program may be modified or canceled at any time, without notice.

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna). Aetna Funding Advantage (AFA) plans are self-funded, meaning the benefits coverage is offered by the employer. Aetna Life Insurance Company only provides administrative services and offers stop loss insurance coverage to the employer. ABC Insurance Trust does not insure, underwrite or administer this product.

©2018 Aetna Inc. 14.12.125.1 (6/18)





**Call ABC Insurance today for** more details: 800-621-2993



# MERIT SHOP CONTRACTORS' LEGISLATIVE VICTORIES

#### Immediate end of Wisconsin's Prevailing Wage Law.

Effective Sep. 23, 2017, there is no longer prevailing wage on any public projects in Wisconsin that do not include federal dollars. Projects that use \$2,000 or more in federal funds would still be subject to federal Davis Bacon prevailing wage laws.

**Project Labor Agreement Neutrality.** Wisconsin governments can no longer prohibit merit or non-union contractors from bidding on public projects.

**Tax reform.** See Ryan Gartman's article on page 11 in this issue for greater details.

State Project Streamlining. Increases the single-prime threshold to \$300,000, if at least 85 percent of the work involved was related to a single trade, allowing the state Department of Administration to skip selecting subcontractors and general contractors, and instead deal directly with a single-trade contractor. Previously, projects that cost more than \$185,000 were bid out using the state's single-prime system, where the state first bid out mechanical, plumbing, electrical and heating/cooling work to subcontractors, before inviting general contractors to submit their own bids.

**Tort reform.** Decreases the legal costs and liability for contractors for negligent design by shortening the time limits for construction lawsuits, set by the state's construction Statute of Repose, from 10 years after the project was completed to seven years.

**Bridge skills gap.** Replaces the current confusing and cumbersome apprentice-skilled worker ratios and set it at 1:1. Also, high

school seniors are now allowed to begin an adult apprenticeship program.

#### Non-profit donated improvements to local governments.

Exempts public construction projects using donated materials and volunteered labor from lowest responsible bidder requirements. This legislation was in response to the Green Bay Optimists Club being prevented from donating labor and materials to build a concession stand on city of Green Bay property, even though the city approved the project and no taxpayer funds would be used.

**Welfare reform.** Requires able-bodied parents to get a job or enroll in training program to receive benefits; prevents those who own homes worth more than \$321,000 from being eligible for taxpayer-funded government assistance; drug tests for public housing assistance.

**Fighting Unemployment Insurance fraud.** Makes intentionally defrauding unemployment insurance a criminal penalty. According to the Department of Workforce Development, there were nearly 65,000 cases of intentional fraud from 2013-14, amounting to \$86 million in stolen money.

**Employment law uniformity.** Prohibits local governments from enforcing their own laws related to hours, overtime and benefits, and minimum-wage requirements for public-works projects; prohibits local governments from exceeding the state's occupational licensing requirements; and sets a statewide standard for regulations concerning employee scheduling and hours.

20 JULY/AUGUST 2018 MERIT SHOP CONTRACTOR

## CONTRACTOR DISPUTE RESOLUTION WITH WISDOT

By John Schulze — ABC of Wisconsin Director of Legal and Government Affairs

There have been three significant changes to Wisconsin public contracting law over the past couple of years: the state prevailing wage is gone, all units of Wisconsin government are banned from requiring project labor agreements, and the Wisconsin Department of Transportation aims to compile federal dollars and the accompanying red tape into fewer projects. Combine these with WisDOT's efforts to deliver quality work at a lower taxpayer cost by encouraging more companies to compete and bid for public construction projects. As a result, there will most likely be new and different contractors doing WisDOT work, and some are not going to be familiar with WisDOT's dispute-resolution process.

WisDOT prefers that contractors resolve claims or disputes at the project level and within the terms of a contract. After contractors exhaust the internal WisDOT process, their claims can go to the State Claims Board, which hears all claims against the state. WisDOT does a good job of resolving contractor disputes within its formal procedure, but it is proscriptive and time consuming. For example, if you look at the maximum number of time allowed for each

level of the process within WisDOT, it would take up to 241 days, and that's not counting the fact that any deadline can be extended by the agreement of the parties.

A better route than the formal claims process for contractors may be the alternative dispute-resolution procedure that WisDOT set up in 2011. The ADR process provides an informal third-party advisory opinion from the Dispute Resolution Board, which is made up of a statewide standing roster of volunteers. DRB members attend a one-day workshop. They are also expected to be experienced with construction processes, including design, contract administration, contract law, and the resolution of construction disputes. The DRB can be used at every level of WisDOT and, depending on the level, will have either one or three members.

DRB meetings last from 30 minutes to a couple of hours. Afterwards, the DRB produces a written opinion. Like most civil ADR, WisDOT's DRB is less costly and time consuming than the formal dispute-review process. And like most civil ADR, it does not require acceptance or rejection by the parties and is not tied to future decision levels.

#### Do you feel like something's missing?

Without The Daily Reporter, chances are you're not getting enough:

Project bid listings.

Construction industry news.

Sales lead opportunities from public notices.





The Daily Reporter is in your mailbox five days a week with project bid listings and construction news PLUS you can visit us any time at dailyreporter.com.

As a special membership benefit, you'll SAVE \$36 on print/online combo subscription or \$25 on a digital-only subscription.

Subscribe online! https://subscribe.dailyreporter.com/MemberRate-ABC Subscribe on the phone! Call 800-451-9998 and request

Promo Code "MemberRate-ABC"

FREE: Sign up for our daily Hard Hat email newsletter at DailyReporter.com

To advertise in The Daily Reporter, call 414-225-1844

THE DAILY REPORTER

MERIT SHOP CONTRACTOR JULY/AUGUST 2018 2

#### NEW MEMBERS

For membership information contact **Bill Stranberg**, Membership Director Associated Builders & Contractors of WI – 608-244-5883

#### **MAY 2018**

#### Ayre Excavating

Brian Ayre
P.O. Box 191
Clinton, WI 53525
Phone: (262) 296-1826

**Description:** Site Work Contractor

Sponsor: Terry Russell, Corporate Contractors,

Inc. (CCI)

Beam Club Members-to-date: 1

#### Badgerland Disposal

Brian Tibble 265 N. Janesville St. Milton, WI 53565 Phone: (608) 580-0580 Description: Supplier

Sponsor: Dan Bertler, Supreme Structures, Inc.

Beam Club Members-to-date: 22

#### · CTI Hospitality, Inc.

Debbie Kiedrowski 507 Navarino St. Algoma, WI 54201 **Phone:** (920) 487-5209

**Description:** Supplier/Hotel Interior Specialties

Sponsor: Kyle Kraemer, Kraemer Brothers

Beam Club Members-to-date: 1

#### • JAS Construction, LLC

#### Joshua Stumpner

T5450 N. Troy St. Wausau, WI 54403 **Phone:** (715) 675-0841

**Description:** General Contractor

Sponsor: Tom Altmann, Altmann Construction

Co., Inc.

Beam Club Members-to-date: 33

#### • Preferred Electric, LLC

Tyler Benvenuto 1707 Primrose Lane West Bend, WI 53090 Phone: (262) 689-4722

**Description:** Electrical Contractor **Sponsor:** Greg Jones, Dave Jones, Inc. Beam Club Members-to-date: 15

#### . Scapin Construction, LLC

Pamela Scapin

395 Whispering Pine Court Inverness, IL 60010 **Phone:** (847) 344-9403

**Description:** Site Work/Sewer Contractor **Sponsor:** Dan Bertler, Supreme Structures, Inc.

Beam Club Members-to-date: 23

#### **JUNE 2018**

#### • Eden-Valders Stone

Barry Gesell W4520 Lime Road Eden, WI 53019 Phone: (920) 477-2521 Description: Stone Supplier

Sponsor: Brad Stehno, R&R Insurance Service,

Inc.

Beam Club Members-to-date: 8

#### • Home Run Electric, LLC

Eric Millard 5640 Balsam Circle Wisconsin Rapids, WI 54494 **Phone:** (715) 323-3244

**Description:** Electrical Contractor

Sponsor: Tom Altmann, Altmann Construction

Co., Inc.

Beam Club Members-to-date: 34

#### Installs Inc.,

#### DBA Installation Management, Inc.

Scott Jensen 3114 Phillips Ave. Racine, WI 53403 **Phone:** (262) 456-4815

**Description:** Mechanical Contractor **Sponsor:** Stan Johnson, A.C.E. Building

Service, Inc.

Beam Club Members-to-date: 25

#### Perma-Structo, Inc.

Mark Beaudin 9420 Charles St. Sturtevant, WI 53177 **Phone:** (262) 886-2258

**Description:** Concrete Contractor

Sponsor: JR Reesman, Reesman's Excavating

& Grading, Inc.

Beam Club Members-to-date: 19

Website: www.abcwi.org — ABC National: www.abc.org

#### • Weber Electric, LLC

Deric Weber 1527 Vogt Drive West Bend, WI 53095 **Phone:** (414) 852-6720

**Description:** Electrical Contractor

Sponsor: Brian Welch, Bob & Dave's Lawn &

Landscaping, Inc.

Beam Club Members-to-date: 9

#### • Winter Services, LLC

Jay Felton 2100 S. 116th St. West Allis, WI 53227 **Phone:** (414) 358-3311

**Description:** Supplier/Snow Removal **Sponsor:** Brian Welch, Bob & Dave's Lawn &

Landscaping Inc.

Beam Club Members-to-date: 10



### Marketing/Sales Shared Interest Group: Cold Call to Warm Lead:

**Touch Points to Get a Response** 

From a Prospect

July 19, Madison and Online

#### **Baldwin Area Meeting**

July 24, Baldwin

#### **Construction Workforce Shared**

Interest Group: Fast Forward Grants August 7, Madison

#### **Manitowoc Maritime Museum Social**

August 9, Manitowoc

#### **Monroe Area Meeting**

August 21, Monroe

#### **Sporting Clay Shoot**

September 5, Johnson Creek

#### Badger Football Tailgate & Game

September 15, Madison

Learn more at ABCWI.org.



68-158 34001577 12/8/16



Not all hard hats are used on job sites. ABC hard hats are awarded to legislators who stand with ABC in fighting for free enterprise in the construction industry. That's a lot of hard hats, because we get a lot done in the state Capitol. It's good for our members and our industry, so you can bet we will award many more hard hats in the future!

Thank you to the 2017-18 Building Wisconsin Award winners: Sen. Dave Craig
Sen. Alberta Darling
Sen. Dan Feyen
Sen. Chris Kapenga
Sen. Devin LeMahieu
Sen. Howard Marklein
Sen. Steve Nass
Sen. Luther Olsen
Sen. Duey Stroebel
Sen. Leah Vukmir
Sen. Van Wanggaard
Rep. Scott Allen

Rep. Kathy Bernier
Rep. Mark Born
Rep. Janel Brandtjen
Rep. Rob Brooks
Rep. Cindi Duchow
Rep. Mary Felzkowski
Rep. Cody Horlacher
Rep. Rob Hutton
Rep. André Jacque
Rep. John Jagler
Rep. Terry Katsma
Rep. Joel Kitchens

Rep. Dan Knodl
Rep. Dale Kooyenga
Rep. Scott Krug
Rep. Mike Kuglitsch
Rep. Bob Kulp
Rep. John Macco
Rep. Dave Murphy
Rep. Adam Neylon
Rep. Jim Ott
Rep. Kevin Petersen
Rep. Romaine Quinn
Rep. Jessie Rodriguez
Rep. Mike Rohrkaste

Rep. Joe Sanfelippo
Rep. Mike Schraa
Rep. Ken Skowronski
Rep. John Spiros
Rep. Rob Stafsholt
Rep. Dave Steffen
Rep. Rob Swearingen
Rep. Jeremy Thiesfeldt
Rep. Paul Tittl
Rep. Ron Tusler
Rep. Tyler Vorpagel
Rep. Chuck Wichgers
Rep. Shannon Zimmerman



**Determined SUCCESS** 

**Wisconsin Chapter**