

## LEGISLATIVE UPDATE

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By Mark Minter, Executive Director

For the moment, the world of politics is focused on the upcoming general election in November. Looking beyond that date, ABA is considering possible action for the 2015 Legislation Session. That session will convene on the second Monday in January. While the election will bring inevitable changes, it is unlikely there will be a significant shift in policies or tone at the Legislature next year.

ABA's effort to address the possibility of Federal OSHA take-over of all construction inspections is moving forward. We helped to pass legislation laying the foundation for conditional repeal of the Residential Fall Protection law. The first step of that process called for OSHA to publish a notice in the Federal Register that they find Arizona's law "less effective". They have taken the first step in that process and are awaiting public comment at this time. The next step will be the final determination by Federal OSHA. When that is determined and published, the Arizona Industrial Commission will notify Legislative Council to repeal the statute.

The ABA is working with other partners in the industry to make changes in the Transaction Privilege Tax law. In 2013 the Legislature considered sweeping changes to Arizona's prime contracting tax law. The main proposal was to eliminate the prime contracting category and switch to taxing material at the point-of-sale. Due to opposition from cities that change couldn't get the votes necessary for passage. The momentum caused by that discussion carried forward and the Legislature ultimately passed some amendments to the law. One of those amendments carves out service type construction work to "repair, replace and maintain" existing facilities. That change creates a huge problem for contractors who do work that would fall under prime contracting and service work. Their inventory would be taxed different depending on where the material would end up; something not known at the time the material was purchased! ABA will be pushing for clarification or repeal of this provision to eliminate risk for commercial contractors.

ABA is currently reviewing possible changes to the preliminary 20-day notice law. The proposal is to adopt a website based system filing and tracking of lien rights on construction projects. Utah has adopted such a system. More and more personal and commercial activities are conducted via some sort of internet based system. ABA will consider the risks and efficiencies of such a system before endorsing, opposing or proposing amendments this proposal.

Finally, we have been approached by the Arizona Board of Regents to help secure legislative funding for university construction projects over the next few years. The Regents would like to build \$1 billion worth of projects to support future research projects at the three state universities. The direct, indirect and long-term benefits of this program are huge for the commercial construction industry and for Arizona future economic development.