

January 2012

# Government Affairs Report

## Governor Christie Pocket-Vetoes Contracting Bills

We reported in mid-January that the following bills received final passage from both the Senate and Assembly as the 214<sup>th</sup> Legislature came to a close.

A-2769 / S-2552 (Cryan / Bramnick / Whelan / Oroho) - Limits the naming of subcontractors at the time of bid to those statutorily required by law.

A-3990 / S-317 (Green / Codey) - Requires contracting units and boards of education to credit contractors with interest earned on certain funds withheld from payment to contractors.

A-3633 / S-3007 (Jasey / Bateman) - Requires plans, specifications and bid proposal documents for certain local public contracts to address soil contamination.

Unfortunately, the Governor chose not to act on these important initiatives, which resulted in pocket-vetoes. We are extremely disappointed in the Governor's lack of action, as our key initiatives had strong bipartisan support and sound policy perspective. We will continue to advocate for measures that raise the standards of our industry, and stress the importance of our initiatives to the Christie Administration.

## BCANJ Legislative Priorities and Issue/Bill Tracking

As BCANJ heads into the 215<sup>th</sup> legislative session, we are poised to promote and advance legislation that assists the contractors we represent, and defend against bills that lower the standards of the industry. Specifically, during the new current session we will continue to advocate for limiting the naming of subcontractors at the time of bid, allow for third-party construction inspections, and a host of other important initiatives. Below is an updated list of issues BCANJ is actively advancing or tracking.

- Higher Education Public/Private Partnerships
- Interest on Contractor Retainage
- Higher Education Zoning Issues
- Construction Cost Estimates
- Higher Education Facilities Bond Referendum
- Limit Naming of Subcontractors
- Building Material Escalation
- Design-Build Procurement
- 3<sup>rd</sup> Party Construction Inspections
- Standardized Bid Forms
- Permit Extensions
- Soil Remediation
- Changes to Prompt Pay Act
- Alternates' Cost
- Increased Bid Bonds
- Limit Number of Bid Copies
- Flooring Tax Disparities
- Business Incentive Programs

## **Governor Signs Water Quality Management Bill**

Governor Christie signed A-4335/ S-3156 into law on January 17, 2012. This newly signed measure addresses burdensome 2008 regulations issued by the NJ Department of Environmental Protection (DEP) that required all counties and municipalities to revise their wastewater treatment plans. The regulatory process required counties to predict with accuracy where commercial and residential development will occur in each of our State's 566 municipalities decades in advance. Using those predictions, the counties were then required to identify exactly where public sewers would continue to support development, where underground sewer systems would be permissible, and where no wastewater services would be provided. The administrative and regulatory process was viewed by the construction, engineering and business communities as an obstacle to allowing sound redevelopment and new development that comply with our State's more modern environmental protections. The law now prohibits DEP for two years from rescinding wastewater service area designations, as the State Planning Commission develops and finalizes a strategic plan for New Jersey's future. This law has the potential to create assurance and certainty for developers and land owners concerned about the current status of their land holdings, and for lenders and investors financially supporting land acquisition and private construction activity.

## **Permit Extension Update**

As a result of the economic downturn in the real estate finance sector of the economy, real estate developers and redevelopers, including commercial, office, and industrial

developers, have experienced an industry-wide decline. As you know, the process of obtaining government approvals, including wetlands permits, treatment works approvals, onsite wastewater disposal permits, stream encroachment permits, flood hazard area permits, highway access permits, and numerous waivers and variances, can be difficult and expensive. Furthermore, changes in the law can render these approvals, if expired or lapsed, impossible to renew or re-obtain. It is the purpose of the Permit Extension III Act to prevent the abandonment of approved projects and activities due to the present unfavorable economic conditions by extending the term of these approvals for a period of time, thereby preventing a waste of public and private resources. Specifically, the bill extends active permits to December 31, 2014. The bill was released from its Assembly committee assignment on January 30, 2012, and will see action in the upper house in the coming weeks. BCANJ fully supports the initiative, and is advocating for its swift passage.

## **Grow-NJ Incentive Program Now Law**

Governor Christie signed the Grow-NJ incentive program into law in January, which makes NJ businesses eligible for tax credits worth \$5 to \$8 million over 10 years if they make a capital investment of at least \$20 million in a qualified redevelopment zone, and retain or create at least 100 full-time jobs. This program has the potential to spur economic development projects in and around urban cities and transit hubs.

*For more detailed information, contact Michael A. Travostino, Director of Government Affairs, at the BCANJ office: 732-225-2265.*