

## The AGC of Greater Milwaukee Wisconsin Legislative Update April 17, 2018

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**The 2017-2018 Legislative Session is winding down, limiting the remaining initiatives that may impact the construction industry. Here's a list of some of the more important legislation the AGC of Greater Milwaukee has been tracking:**

- Construction Liability Statute of Repose ([Act 235](#) enacted 4/3/18)
  - Apprentice Ratios and Apprenticeship Duration ([Act 148](#) enacted 3/30/18)
  - Income and Franchise Tax Credit for the Development of Low-Income Housing (no summary provided)([Act 176](#) enacted 3/30/18)
  - High School Senior Participation in Apprenticeship Programs ([Act 273](#) enacted 4/14/18)
  - Historic Rehabilitation Tax Credit Increase ([Act 280](#) enacted 4/18/18)
  - Bidding Thresholds on School Projects (**failed 3/28/18**)
  - Marketing Employment/Training Opportunities to former UW System Students (**failed 3/28/18**)
  - School District Workforce Development Improvements (**failed 3/28/18**)
  - Alternative Project Delivery Systems (summary not provided)(**failed 3/28/18**)
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### CONSTRUCTION LIABILITY STATUTE OF REPOSE

**Bill/Act:** [AB 773/SB 645](#)

**Activity:** Enacted April 3, 2018.

**Summary:** In part, this legislation would reduce the “exposure period,” from 10 years to 7 years following substantial completion, for claims of damage arising from a deficiency or defect in an improvement to real property. This bill also substantially curtails pretrial discovery.

**Effect:** The reduction of the “exposure period,” also known as “statute of repose,” would reduce the time in which contractors are exposed to potential liability for damages sustained following the date of substantial completion, ultimately resulting in reduced costs associated with such claims.

Through new limitations placed upon depositions and electronically stored data, the costs associated with pretrial discovery would also be reduced for contractors who face litigation.

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## APPRENTICE RATIOS AND APPRENTICESHIP DURATION

**Bill/Act:** AB 508/SB 411

**Activity:** Enacted March 30, 2018.

**Summary:** This legislation would change the Carpenter Apprenticeship ratio restrictions and the length of Carpenters Apprenticeship Program. This bill will prohibit the State DWD from prescribing, enforcing, or authorizing a ratio of apprenticeships to journey workers that requires more than one journey worker for each apprenticeship. This bill will also repeal provisions that require minimum terms for carpentry and plumbing apprentices.

**Effect:** Under current law, the Department of Workforce Development administers the law concerning apprenticeship programs in this state and has various powers as necessary to perform that function. In addition, DWD must promulgate rules regarding procedures for approving and for rescinding approval of apprenticeship programs. Under DWD's current rules, in order to be eligible for approval and registration by DWD, an apprenticeship program must have standards that address a numeric ratio of apprentices to journeyworkers consistent with proper supervision, training, safety, and continuity of employment, and applicable provisions in collective bargaining agreements, except where such ratios are expressly prohibited by the collective bargaining agreements.

This bill specifically prohibits DWD from prescribing, enforcing, or authorizing, through any means, a ratio of apprentices to journeyworkers for apprenticeship programs or apprentice contracts that requires more than one journeyworker for each apprentice. **The ratio prohibition, under this bill, as amended in SB 411, does not apply with respect to apprentices whose employment is governed by a collective bargaining agreement.**

**The bill also repeals the four-year minimum term for carpentry apprenticeships as required by Section 106.02, Wis. Stats.**

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## HIGH SCHOOL SENIOR PARTICIPATION IN APPRENTICESHIP PROGRAMS

**Bill/Act:** AB 745/SB 628

**Activity:** Enacted April 14, 2018.

**Summary:** This bill allows a high school senior to begin an apprenticeship program during the student's senior year of high school.

**Effect:** Under current law, any individual 16 years of age or over may enter into an apprentice contract whereby the individual is to receive from his or her employer, in consideration for the

individual's services, instruction in any trade, craft, or business. That instruction must include a minimum number of hours of related classroom instruction and on-the-job training.

Under the bill, a high school senior may enter into an apprentice contract if the school district in which the student is enrolled does all of the following:

1. Certifies that the student is expected to graduate high school no later than the end of the current school year.
2. Certifies that the student's proposed on-the-job training schedule allows adequate time for the student to complete any high school graduation requirements no later than the end of the current school year.
3. Agrees to award the student high school credit for the hours of related instruction and on-the-job training the student completes during the first year of the contract.

At the end of the first year of the contract, the student must have earned his or her high school diploma or its equivalent in order to continue in the apprenticeship program.

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## HISTORIC REHABILITATION TAX CREDIT INCREASE

**Bill/Act:** [AB 793/SB 668](#)

**Activity:** Enacted April 18, 2018.

**Summary:** This Act raises the limit on the amount of tax credits that may be certified by the Wisconsin Economic Development Corporation under the historic rehabilitation tax credit from \$500,000 to \$3,500,000. The limit applies to the amount of tax credits that may be certified for all projects undertaken on the same parcel.

**Effect:** According to Governor Walker's 2017 Budget in Brief, limiting the annual Historic Rehabilitation Tax Credit was necessary as a cost-saving measure. The original budget proposal considered a \$10,000,000 annual cap. The corresponding legislative bills called for \$5,000,000; which the Governor amended to \$500,000 in the final Budget Bill. As a legislative compromise, Act 280 amends this cap to \$3,500,000.

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## BIDDING THRESHOLDS ON SCHOOL PROJECTS

**Bill/Act:** [AB 307/SB 236](#)

**Activity:** Both bills failed on March 28, 2018.

**Summary:** This bill would require a school board and the board of school directors of the Milwaukee Public Schools to solicit bids and award the public works contract to the lowest responsible bidder if the estimated cost of a public works project exceeds \$50,000.

**Effect:** This bill would require a school board and the board of school directors of the Milwaukee Public Schools to solicit bids and award the public works contract to the lowest responsible bidder if the estimated cost of a public works project exceeds \$50,000.

Previously, this standard did not apply to school boards or the board of school directors of the Milwaukee Public Schools, and the threshold amount was \$25,000. Here, both bills initially called for the threshold to be increased \$75,000. However, the Senate version was amended to \$50,000.

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## **MARKETING EMPLOYMENT/TRAINING OPPORTUNITIES TO FORMER UW SYSTEM STUDENTS**

**Bill/Act:** [AB 124/SB 86](#)

**Activity:** Both bills failed on March 28, 2018.

**Summary:** Through this bill, the Department of Workforce Development (DWD) shall prepare a packet of information describing the employment and training opportunities that are available to former students of the institutions and college campuses within the University of Wisconsin System who have not graduated from an institution or college campus within that system and advising those former students how to obtain additional information about those opportunities.

**Effect:** As a workforce development initiative, this legislation, dubbed the “second-start bill,” will ensure that former students of the 26 public universities and colleges, who left without graduating, will be aware of and have access to alternative employment and training opportunities. This legislation represents another tool to help shore up workforce shortages in the construction industry.

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## **SCHOOL DISTRICT WORKFORCE DEVELOPMENT IMPROVEMENTS**

**Bill/Act:** [AB 729/SB 613](#)

**Activity:** Both bills failed on March 28, 2018.

**Summary:** This legislation would create a school district revenue limit adjustment for workforce development improvements to support vocational or technical education.

**Effect:** With some exceptions, current law generally limits the total amount of revenue per pupil a school district may receive from general school aids and property taxes in a school year to the amount of revenue received per pupil in the previous school year.

Under this bill, a school board that receives a petition and that adopts a resolution to initiate workforce development improvements may increase its revenue limit by the amount the school

district spends on the improvements in a school year, including amounts spent for debt service on a bond, note, or state trust fund loan used to finance the improvements.

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