

APA-1  
07/04

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control No. 355 Department or Agency Department of Finance, Real Property Management, Division of Construction Management

Rule No. 355-10-1-.01, 355-10-1-.02, 355-10-1-.03, 355-10-1-.04

Rule Title: Construction Industry Craft Training Fees

     New      X Amend      Repeal      Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?      No     

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare?      No     

Is there another, less restrictive method of regulation available that could adequately protect the public?      No     

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree?      Yes, the rule may cause a decrease in the cost of nonresidential building permits issued by counties and municipalities through clarification of the applicability of the fee.     

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule?      No     

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public?      No     

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Does the proposed rule have an economic impact?      Yes     

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer      *Katherine Lynn*       
Date      1-20-17     

(DATE FILED)  
(STAMP)

**Department of Finance  
Division of Construction Management**

**NOTICE OF INTENDED ACTION**

AGENCY NAME: Department of Finance, Real Property Management, Division of Construction Management

RULE NO. & TITLE: 355-10-1 Construction Industry Craft Training Fees

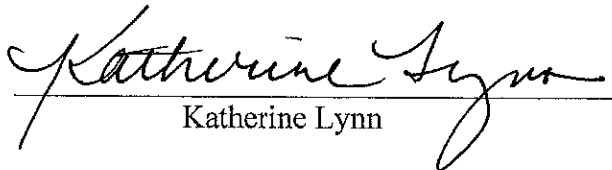
INTENDED ACTION: The Department of Finance, Real Property Management, Division of Construction Management, proposes to amend an existing rule to clarify the applicability and the collection of construction industry craft training fees as provided for in the Code of Alabama 1975, Sections 41-4-10 through 41-4-13.

SUBSTANCE OF PROPOSED ACTION: The rule clarifies the applicability of the fee to non-residential construction and the types of projects for which the fee shall not be collected.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will held only if requested by an interested party. A written request shall be submitted to the agency contact person listed below. Interested persons may present their view in writing to the Department of Finance, Real Property Management, 770 Washington Avenue, Suite 470, P.O. Box 301150, Montgomery, AL 36130-1150.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: The Department of Finance, Real Property Management will accept comments no later than March 7, 2017 at 5 P.M.

CONTACT PERSON AT AGENCY: Katherine Lynn, Department of Finance, Real Property Management, P.O. Box 301150, Montgomery, AL 36130-1150, Phone 334-242-4082 or Katherine.lynn@bc.alabama.gov.

  
Katherine Lynn

**ECONOMIC IMPACT STATEMENT  
FOR APA RULE  
(Section 41-22-23(f))**

Control No. 355 Department or Agency Department of Finance, Real Property Management  
Rule No. 355-10-1-.01, 355-10-1-.02, 355-10-1-.03, 355-10-1-.04  
Rule Title: Construction Industry Craft Training Fees  
       New   X   Amend        Repeal        Adopt by Reference

Control No. 355 Department or Agency Finance, Real Property Management, Division of Construction Management

Rule No: 355-10-1-.01, 355-10-1-.02, 355-10-1-.03, 355-10-1-.04

Rule Title: Construction Industry Craft Training Fees

       New   X   Amend        Repeal        Adopt by Reference

       This rule has no economic impact.

  X   This rule has an economic impact, as explained below:

1. NEED/EXPECTED BENEFIT OF RULE:

The amendment to the rule is needed to clarify the definition of non-residential construction and to establish the permits which are exempt from the collection of the Construction Industry Craft Training Fee pursuant to Act 2015-308. The amendment is in response to questions that have resulted from the adoption of the initial rule.

2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:

The rule is the most effective way and efficient way to clarify the applicability of the Construction Industry Craft Training fees.

3. EFFECT OF THIS RULE ON COMPETITION:

None

4. EFFECT OF THIS RULE ON COST-OF-LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:

Impact will be the same statewide and will have an inconsequential impact on the costs of living and doing business.

5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:

None

6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:

The initial implementation and enforcement will come from the division's funds but once implemented, the fees collected from the rule will be used to offset the administrative costs.

7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:

The economic impact of this rule is that the fees collected will be used to fund construction industry training programs that will result in better training programs that in turn will increase the salaries and skills of construction industry trade workers.

8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDEN COMPARISON:

This is a new rule and it is uncertain that funds generated by the collection of fees will be sufficient to cover the cost of administration and adequately fund craft training programs.

9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC HEALTH:

The rule will increase the skills of construction industry workers and ensure safer buildings.

10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE RULE IS NOT IMPLEMENTED:

Based on feedback received from contractors, other state agencies, and municipalities, the applicability of the rule is not clear and is being applied in various ways. If the amended rule is not adopted, contractors will not have a clear understanding of how the fee is to be collected and may be subject to paying additional fees which will unnecessarily increase the costs to the owner and/or developer. This will have a negative economic impact and creates uncertainty which increases construction costs.

**\*\*Additional pages may be used if needed.**

**STATE OF ALABAMA DEPARTMENT OF FINANCE  
DIVISION OF CONSTRUCTION MANAGEMENT  
CHAPTER 355 – 10 – 1 – .0X  
CONSTRUCTION INDUSTRY CRAFT TRAINING FEES**

<b>355-10-1-.01</b>	<b>CONSTRUCTION INDUSTRY CRAFT TRAINING FEES</b>
<b>355-10-1-.02</b>	<b>COLLECTION OF FEES</b>
<b>355-10-1-.03</b>	<b>EXCLUDED ENTITIES</b>
<b>355-10-1-.04</b>	<b>CALCULATION AND PAYMENT OF FEES</b>

**355-10-1-.01 APPLICABILITY**

The following procedures and fees are applicable to construction authorized on the issuance of any nonresidential construction building permit issued by any county, city, town or other political subdivision of this state. Nonresidential construction shall include the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer, structure, sitework, grading, paving or project or any improvement in the State of Alabama, including projects where a single trade is involved, signs, and swimming pools over \$5000, but shall specifically exclude the following:

- a) Any single family residence
- b) Any building for residential occupancy that is less than three floors in height and which does not have more than four units
- c) Townhouses

**Author:** Katherine Lynn

**Statutory Authority:** Code of Alabama 1975, 41-4-410 (1)

**History:** Filed August 15, 2016

**355-10-1-.02 COLLECTION OF FEES**

Subsequent to October 1, 2016, a construction industry craft training fee shall be collected in the amount of one dollar (\$1) per each one thousand dollars (\$1000) of construction authorized on the issuance of any nonresidential construction building permit issued by any county, city, town or other political subdivision of this state- to the prime contractor. The craft training fee shall not be collected on the following:

- a) Permits to subcontractors or single-trade permits only when the value of the subcontracted work or single trade is included in the permit fee collected from the prime contractor
- b) Permits for which a fee is not charged or has been specifically waived by the municipality or other political subdivision of the state such as signs, municipal projects, churches, and charitable organizations
- c) Permits for utility structures and cell towers
- d) Permits for industrial development projects where the permit fee is specifically waived by a signed project agreement
- e) Permits for YMCA projects which are specifically exempted per the Code of Alabama, Title 40, Section 40-9-9

- f) Permits for which the permit application was received by the municipality or political subdivision prior to October 1, 2016

**Author:** Katherine Lynn

**Statutory Authority:** Code of Alabama 1975, 41-4-413 (a)

**History:** Filed August 15, 2016

### **355-10-1-.03 EXCLUDED ENTITIES**

Specifically excluded are any licensed home builder, as defined in Chapter 14A of Title 34, Code of Alabama 1975; any subcontractor working on a residential construction site including renovations to any residential structure; or from any person or entity specifically exempt under Chapter 14 A of Title 34, Code of Alabama 1975, except for subdivision (3) of Section 34-14A-6, Code of Alabama 1975. A licensed homebuilder is not exempted from the permit fee if the fee permit is for a project that is classified as nonresidential construction.

**Author:** Katherine Lynn

**Statutory Authority:** Code of Alabama 1975, 41-4-410 (1)

**History:** Filed August 15, 2016

### **355-10-1-.04 CALCULATION AND PAYMENT OF FEES**

- (1) The construction industry craft training fee shall be based on the total sum of the construction cost of all non-residential building permits issued by the entity on or after the first day of the month and up to the last day of the month. The construction cost shall be the amount stated on the building permit. The construction industry craft fee shall be calculated by multiplying the total sum of all non-residential construction cost as stated on the building permits for the month by .001 rounded down to the whole dollar value. The construction industry craft training fee shall be zero when the total sum of all nonresidential construction costs is less than \$1000 for the entire month.
- (2) ~~The office of the political subdivision issuing the permit shall be responsible for collecting the fee and remitting it monthly to the Department of Finance Division of Construction management~~Management.
- (3) Fees shall be submitted by the 20<sup>th</sup> day of the month for all applicable nonresidential construction permits issued in the previous month.
- (4) Fee payments are nonrefundable.

**Author:** Katherine Lynn

**Statutory Authority:** Code of Alabama 1975, 41-4-413 (a), 41-4-413 (b)

**History:** Filed August 15, 2016