

The SubAla Insider



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Subcontractors Association of Alabama Presents

A Special Thanks To

On September 25th, over 250 SubAla members, general contractors, specialty contractors, vendors and suppliers met at Avondale Brewing Company for a fun evening of networking. SubAla hosted Oktoberfest to thank the general contractors for their consistent support of the association and subcontractor community. As guests arrived they were greeted with personal pretzel necklaces and an open bar. The live band played throughout the evening entertaining the crowd from Avondale's stage. Oktoberfest provided members of the construction industry a positive and enjoyable experience to build and grow their relationships. The night was a great success due to our event partners and sponsors. A special thanks to DBIA and NAWIC for partnering with us as well as, the support of the sponsors: Inline Electric Supply Company, M&A Electric Company, Morgan Stanley, ServisFirst Bank, South Power Electric, and Southland Machinery. We hope all who attended Oktoberfest enjoyed the event. Our association looks forward to providing many more opportunities for your company to be involved.



TAX PLANNING – WHAT TO CONSIDER?

BY KATE FLUKER, SENIOR MANAGER AT BMSS, LLC

As the end of 2019 approaches, you are likely considering year-end tax planning strategies. Fall is in the air, and an election year approaches. Those factors mean House Republicans and the Trump Administration are talking taxes, specifically a new tax cuts plan informally known as Tax Cuts 2.0. Realistically, Tax Cuts 2.0 will be a 2020 legislative process and, if passed, may not be effective until 2021. For 2019 tax planning, we must deal with the here and now.

Most traditional income tax planning strategies focus on several key areas:

- Planning the **timing (deferral or acceleration)** of particular items **of income or deductions**, to the extent that they can be shifted from one year to another in order to take advantage of possible differences in the effective tax rate for the current year and succeeding year(s), limitations on deductions, or other factors that may differ year-to-year;
- Maximizing, within overall general planning, the **character of income** (for example, qualified dividends and capital gains) that is subject to preferential, lower tax rates than ordinary income; and
- Taking advantage of **special incentive provisions** of the Internal Revenue Code **when available** such as Section 179 expensing, bonus depreciation, various credits related to different business or personal activities, and Qualified Opportunity Fund investments.

As always, tax planning requires a combination of multi-layered strategies, taking into account a variety of possible scenarios and outcomes. There are various income and deduction items to consider and we recommend finding a trusted tax advisor to assist you in order to determine the most beneficial approach to take.

The Tax Cuts and Jobs Act (TCJA) did away with many familiar long-standing tax rules and introduced a host of new ones for 2018 and 2019. Below are the measures from the tax reform act that could have the most impact on individuals for 2019:

- The suspension of many itemized deductions;
- The near doubling of the standard deduction;
- The \$10,000 cap on the state and local income and property tax deduction for individuals;
- The suspension of personal exemptions;
- The Section 199A deduction for pass-through business owners;
- The increase of alternative minimum tax (AMT) exemptions for individuals; and
- The new individual income tax rates and brackets.

The most talked about change for individuals has been the 199A deduction (also known as the Qualified Business Income (QBI) Deduction or the 20% deduction). For tax years beginning after 2017, taxpayers, other than corporations, may be entitled to a deduction of up to 20% of their qualified business income. For 2019, if taxable income exceeds \$321,400 for married filing jointly, or \$160,700 for all other taxpayers, the deduction may be limited based on whether the taxpayer is engaged in a service type trade or business (such as law, accounting, health, or consulting), the amount of W-2 wages paid by the trade or business, and/or the unadjusted basis of qualified property (such as machinery and equipment) held by the trade or business.

One change that hasn't been discussed as much, but could potentially have a large impact on your business, is the change to the simplified accounting method requirements. Prior to 2018, small businesses with average annual gross receipts for the three previous years of \$10 million (\$5 million if a C Corporation) or less were eligible to use the cash method of accounting for tax purposes. Under the TCJA, that threshold has been raised to \$25 million for all taxpayers. This means that taxpayers with average gross receipts between \$10 million and \$25 million may elect to use the cash basis of accounting for tax purposes.

Small construction contractors and subcontractors with average gross receipts between \$10 and \$25 million have an additional tax planning opportunity. Prior to 2018, contractors with average gross receipts over \$10 million were required to use the percentage of completion method for their long-term contracts. However, that threshold has also been increased to \$25 million, opening the door for small construction contractors to elect to use other, more favorable, long-term contract methods for tax purposes. Two of these more favorable methods are cash and completed contract. Under the cash method, taxes are paid on income when payment is received. Under the completed contract method, taxes are paid on revenues only when the contract is complete.

When considering which tax method to use, the possibility of being subjected to alternative minimum tax (AMT) should not be ignored, as doing so may negate certain year-end tax strategies. While certain provisions of TCJA mean fewer individuals will be subjected to AMT, the tax does still exist. An AMT exemption is allowed and that exemption amount increased under the TCJA; however, the exemption is phased out as taxpayers reach higher levels of alternative minimum taxable income (AMTI).

C Corporations continue to face double taxation, with taxes paid once at the entity level and again when dividends are paid to shareholders. With the TCJA, the C Corporation tax rate was reduced to a rate of 21%. While this reduced rate may look appealing, it is important to take into consideration the double taxation of C Corps and the potential QBI deduction afforded to pass-through entities when looking at which entity type to choose.

The TCJA increased the bonus depreciation deduction for businesses. A depreciation deduction equal to 100% of the basis of qualifying property is available in 2019. In order to be eligible for bonus depreciation, qualifying property can be new (first-time use) or used tangible property. Any qualifying property acquired and placed in service after September 27, 2017 and before January 1, 2023 is eligible for bonus depreciation. The deduction will then phase out gradually through December 2026.

Another great tax planning opportunity is the Code Section 179 depreciation. Code Section 179 property includes new or used tangible personal property that is purchased to use in an active trade or business. Under the enhanced expensing, for 2019, businesses can expense up to \$1,020,000 in qualifying expenditures with no reduction unless expenditures exceed \$2,550,000.

BMSS understands that these changes and the general complexity of the tax law can make year-end tax planning overwhelming, but it can be financially rewarding. If you want to learn more about tax planning opportunities for your unique situation, we encourage you to reach out to a BMSS professional at (205-982-5500) or visit www.bmss.com.

SUBALA INDUSTRY INVOLVEMENT

Alabama Construction Recruitment Institute: Olandus Eason (Board Member)

Construction Industry Craft Training Program: Gail Braswell (Board Member)

Alabama HVAC Board: Barret Richard (Board Member)

Alabama Electrical Contractors Board: Mike Custard (Board Chairman), Jesse Stutts (Board Member)

SubAla is also an active member in numerous groups and associations including:

Alabama Council of Association Executives

Alabama Damage Prevention Association

Alabama State Bar- Construction (and) Elections, Ethics & Government Relations Sections

AEC Mega Group

Business Associations Tax Coalition

Business Council of Alabama

House of Representatives Study Commission on Mechanics Lien

2019 EXCELLENCE IN WORKPLACE SAFETY AWARDS

WorkersFirst CompFund would like to shine a light on our members that have met, and in most cases exceeded, the standards to achieve our annual Excellence in Workplace Safety Award. The hometown of each company is included in order to illustrate that a commitment to safety can flourish anywhere in the wonderful state of Alabama! Candidates for the 2019 Safety Award are subject to extremely stringent performance criteria including:

- Achieving an aggregate loss ratio for the last 5 years and current year of 15% or less
- The current year loss ratio, individually, must be 15% or less
- Candidates must maintain an experience modification rating under 1.0 for each year in this time period
- No major OSHA citations(\$10,000 or greater)
- No work related fatalities
- Candidates must be members in good standing of SubAla and WorkersFirst, as well as meeting additional standards before being nominated.

CONGRATULATIONS TO THIS YEAR'S WINNERS!

A & B Electric Company – Mobile
A & L Metals, Inc. – Birmingham
Acme Roofing & Sheet Metal Company, Inc. – Dothan
Acton Flooring, Inc. – Birmingham
Advance Machinery, Inc. – Pelham
Air Movement, Inc. – Theodore
Alabama Controls, Inc. – Pelham
Allen Caton Acoustical, LLC – Montgomery
Amerson Roofing, Inc. – Atmore
B & B Scaffolding, LLC – Hillsboro
Bayside Rubber & Products, Inc. – Mobile
Big Creek, Inc. – Slocomb
Brown Roofing Company, Inc. – Anniston
Burgess & Berry Insulation Company, Inc. – Hillsboro
Bynum Heating Cooling & Appliance Repair, Inc. – Geneva
Call Chad, LLC – Cropwell
Cannon Custom Woodwork, Inc. – Trussville
CB Roofing, LLC – Chelsea
Central Alabama Metal & Roofing Company, Inc. –
Montgomery
Central Supply Odenville, LLC – Odenville
CJF Construction, Inc. – Florence
Clarke-Air, Inc. – Grove Hill
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Conrad Watson Air Conditioning, Inc. – Monroeville
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Crimson Insulation Co., Inc. – Tuscaloosa
Dallas A/C & Heating, Inc. – Selma
Deason, Inc. – Tuscaloosa
Donald Carter Heating & Cooling, LLC – Athens
Dorroh Heating & Air Conditioning, Inc. – Hueytown
Environmental Comfort Systems, Inc. – Decatur
Finishing Solutions, LLC – Birmingham
Fletcher Supply Company, Inc. – Tuscaloosa
Freeman Sheet Metal, Inc. – Tuscaloosa
Golson Construction Company, Inc. – Prattville
H & H Heating & Cooling – Athens
Harrell's Refrigeration Service, Inc. – Selma
Heacock Metal & Machine Co., Inc. – Sylacauga
Hooper & Chandler Steel Erectors, Inc. – Hueytown
InTec Industries, Inc. – Birmingham
Interstate Sheet Metal Co., Inc. – Anniston
Johnstone Supply – Dothan
LaBit Heating & A/C Service, LLC – Mobile
Leak Solutions – Birmingham
Magic City Roofing, Inc. – Birmingham
Maxiaire, LLC – Birmingham
NeedCo, Inc. – Bessemer
NelBran Glass, LLC – Birmingham
Nelson Glass Company, Inc. – Birmingham
Pearce Trawick Services – Birmingham
Pell City Heating & Cooling, Inc. – Pell City
Performance Refrigeration, Inc. – Holly Pond
Phillips Slipform, Inc. – Sumiton
Pressnell Roofing & Sheet Metal, LLC – Athens
Pro Construction, LLC – Chelsea
R.B. Atkins & Associates, Inc. – Bessemer
Redmon Drywall, Inc. – Dothan
Riverchase Carpet and Flooring – Pelham
Roofers Mart Southeast, Inc. – Birmingham
S-DAP, Inc. – Scottsboro
Service Tech, Inc. – Birmingham
Smith Roofing, LLC – Pinson
Smith Service Corp – Decatur
Snell Service Co., Inc. – Dothan
Southeast Cherokee Construction, Inc. – Montgomery
Trawick Contractors, Inc. – Birmingham
Treeco, Inc. – Tallassee
Walley Electric Company, Inc. – Saraland
Tri State Roofing & Remodeling Company, Inc. – Dothan
B & W Electric Company, Inc. – Troy

CONGRATULATIONS TO THE 2019 LIFETIME ACHIEVEMENT AWARD RECIPIENT, JEFF STONE!



The Lifetime Achievement Award is given to an individual whose career and achievements have contributed significantly to the overall improvement of the construction industry and who has been a positive example to the construction industry, who has acted with professionalism and integrity not only in their profession, but also in their personal life. The members of SubAla carefully nominate and vote individuals who exemplify these attributes. This year, members selected Jeff Stone, Vice President of Brasfield & Gorrie, as the recipient of the Lifetime Achievement Award.

Jeff Stone is a native of Birmingham and a graduate of Auburn University with a degree in Civil Engineering. While at Auburn, he served as President of the Student Government Association.

Jeff has more than 40 years of construction experience with Brasfield & Gorrie, including 10 years of managing competitive bid and negotiated healthcare and commercial projects ranging up to \$85 million. Jeff has served as Manager of the Healthcare Division, Vice President of Operations, Regional President, and Chief Operating Officer responsible for more than \$900 million in projects. In his current role as Executive Vice President, Jeff oversees field operations and corporate support functions for approximately \$4.0 billion in annual construction revenues, 37 operating divisions, and projects in 22 states, while serving on the company's Executive Board. As a member of the Executive Board, Jeff assists in mapping marketing and financial strategies for future growth.

Jeff has served on the State Board of AGC, ABC, and was the Founding Chairman of the Construction Education Foundation of Alabama. In 2014, he was inducted into The State of Alabama Engineering Hall of Fame for his significant contributions to the advancement of engineering and technology.

Jeff devotes much of his time to civic and philanthropic efforts. Jeff is a former chairman of the Auburn University Foundation, the Auburn Alumni Engineering Council, the Samford University Board of Overseers, and is a member of the Birmingham Southern College Norton Board. He is a member of Canterbury United Methodist Church where he serves on the church council and on the board of the Canterbury Foundation. Jeff is a past Captain of the Monday Morning Quarterback Club and is currently on the boards of the ODK Foundation, Children's Harbor, The Club, and the Crippled Children's Foundation. He is an Emeritus Member of Auburn's Civil Engineering Advisory Council, and in 2019, Jeff was recognized by Auburn University with the Lifetime Achievement Award.

Additionally, he has served on the boards of the American Red Cross, the Civic Club Foundation, REV Birmingham, and the Juvenile Diabetes Research Foundation, where he was recognized as its Living and Giving Honoree in 2011. Jeff is a past president of the Birmingham Sunrise Rotary Club, a Paul Harris Fellow, and a member of the Rotary Club of Birmingham. He is also a graduate of Leadership Birmingham and Leadership Alabama. In 2015, Jeff received the Mervyn H. Sterne Award from United Way for his fundraising efforts and is currently the Annual Campaign Chair of United Way of Central Alabama.

Jeff and his wife, Linda, have three children and four grandchildren. He is proud that his son, Walton, and son-in-law, Wilson, have also selected construction for a career.

Jeff was honored with the Lifetime Achievement Award at the Industry Awards Banquet on October 24th following a standing ovation from 300 colleagues, contractors, and industry friends.



2019 SUBALA INDUSTRY AWARDS BANQUET

On Thursday, October 24, the Alabama construction community turned out to enjoy an evening to honor members for their contributions to Alabama's construction industry at the SubAla Industry Awards Banquet. The industry-wide event was held at The Florentine Building in downtown Birmingham and attendees included over 300 professionals from all facets of the construction industry, including architects, engineers, general contractors, subcontractors, and suppliers. James Spann performed masterfully as the evening's emcee and the event was a great success. We hope all who participated enjoyed the evening and we greatly appreciate your support.

We are very grateful to the leadership of such great organizations that support and attend this annual event. It is an incredibly impressive group of attendees representing the best in the industry. Secondly, we commend the banquet committee for their work and, in particular, the event's structure. The ceremony began by recognizing contractors for organizational excellence in their respective categories. These awards allow us to recognize the leadership and the entire team of employees that make an organization great. The second part of the ceremony recognized a crucial element of organizational excellence, individuals that represent quality and excellence in construction. These individuals take ownership in the success of projects and that includes the success of their subcontractor partners.

General contractors have repeatedly expressed their appreciation for SubAla acknowledging and honoring their most valued assets, their employees. To see these individuals take the stage to be recognized and to hear their messages make all the work of hosting the evening a true honor. We received numerous comments expressing that this "human element" makes the SubAla banquet unique to the industry.

While we will never be able to acknowledge every individual in construction that deserves to be recognized, it is worthwhile to strive to honor excellence where it is found. This effort would not be possible without our banquet sponsors and, on behalf of SubAla, we want to express a sincere thank you, as you are truly our partners in this endeavor.

2019 Award Recipients:

- General Contractor of the Year (Category I) – Stone Building Company, Inc.
- General Contractor of the Year (Category II) – JOHNSONKREIS Construction Co., Inc.
- General Contractor of the Year (Category III) – Brasfield & Gorrie, LLC
- General Contractor Safety Award – Brasfield & Gorrie, LLC
- Upstart Business of the Year – Quality Creative Landscaping, LLC
- Subcontractor of the Year – BRAWCO, Inc.
- Innovator of the Year – John Garrison, Garrison Steel, Founder of Ironworker Skills Institute
- Outstanding Woman of Construction – Mary Wyatt Crenshaw, Wyatt General Contractor, LLC
- Project Manager of the Year (Category II) – Cameron Robulack, Cooper Construction, Inc.
- Project Manager of the Year (Category III) – Matt Hearn, Rabren General Contractors, Inc.
- Superintendent of the Year (Category II) – Randy Grill, Rives Construction Company, Inc.
- Superintendent of the Year (Category III) – Brendan Kenny, Robins & Morton
- Estimator of the Year (Category II) – Mark Garner, Murray Building Company, Inc.
- Estimator of the Year (Category III) – Brian Thompson, Hoar Construction, LLC
- Architect of the Year – Lauren Gwaltney, Williams Blackstock Architects
- Engineer of the Year – Curtis I. Eatman, PE, LBYD Engineers
- Developer of the Year – Keith Rouss, Harbert Realty Services
- Lifetime Achievement Award – Jeff Stone, Brasfield & Gorrie, LLC



Sponsors, we greatly thank you for your support!



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Superior Structural Solutions, Inc.

