



## **ACEC Tax Policy Agenda**

### *3% withholding*

- ACEC supports HR 275 and S 292, legislation to repeal 3% withholding on contracts and payments by the federal government, state governments, and local governments that spend more than \$100 million annually.
- ACEC also supports additional implementation delays if necessary.

### *Cash accounting*

- ACEC supports legislation that protects the ability of engineering firms that are organized as C corporations to continue using cash accounting (HR 3255).

### *9% A/E tax deduction*

- ACEC worked with Congress to add engineering to the list of activities that are eligible for the Section 199 domestic production activities deduction.
- ACEC opposes any efforts to repeal Section 199 as part of tax reform.

### *Gas tax*

- ACEC supports an increase in the federal gas tax in order to provide sufficient funding for federal highway and transit programs.
- ACEC recommends a transition from the gas tax to a vehicle-miles-traveled (VMT) fee or other direct user-based fee for transportation.
- ACEC also supports alternative mechanisms for funding infrastructure programs, such as a national infrastructure bank.

### *Build America Bonds*

- ACEC supported the creation of Build America Bonds, which are subsidized financing for state and local infrastructure projects, in the 2009 stimulus law.
- ACEC supports extension of the program as part of the tax extenders bill (HR 4213).

### *Private activity bonds volume cap for water and wastewater projects*

- ACEC supports exempting water and wastewater projects funded with private activity bonds (PAB) from state bond volume caps (HR 537).
- This provision is included in the tax extenders legislation (HR 4213) moving through Congress.

#### *R&D tax credit*

- ACEC supports permanent extension of the R&D tax credit (HR 422 and S 1203).
- ACEC also supports seamless, temporary extensions of the credit as needed.

#### *Energy-efficient commercial buildings deduction*

- ACEC supports legislation to extend the Section 179D tax deduction beyond 2013, and to increase the deduction to \$3 per square foot of the property for which energy efficient expenditures are made.

#### *Brownfields expensing*

- ACEC supports continued extension of the provision allowing expensing of certain costs associated with cleaning up brownfields.
- This provision benefits engineering firm clients and revitalizes contaminated properties.

#### *Depreciation issues*

- ACEC supports extension of a provision that provides 15-year depreciation for restaurant, leasehold and restaurant improvements.
- ACEC also supports legislation to change the depreciation schedule for roofs that meet a specific energy efficiency standard to 20 years.

#### *Bonus depreciation*

- ACEC supports extension of the bonus depreciation provision in the 2009 stimulus law through 2010.

#### *Small business expensing*

- ACEC supports extension of the higher small business expensing levels (\$250,000 with a phase-out of \$800,000) enacted in the 2009 stimulus law.

#### *Expansion of 1099s*

- The new health care law includes a provision that will greatly expand the number of IRS Form 1099s a business must issue.
- ACEC supports HR 5141, legislation that would repeal this provision.

#### *Section 911*

- ACEC opposes any efforts to limit or repeal Section 911, which allows U.S. citizens working overseas to exclude a certain amount of earnings from their U.S. taxable income.
- This issue is important to engineering firms that engage in international work and send professionals to projects in other countries.

#### *ESOPs*

- ACEC supports the Employee Stock Ownership Plan Promotion and Improvement Act of 2009 (S 1612), introduced by Senator Blanche Lincoln (D-AR), which would improve federal law governing ESOPs.

- ACEC supports the S Corporation ESOP Promotion and Expansion Act of 2009 (HR 3586), introduced by Congressman Ron Kind (D-WI), which would foster increased employee ownership of S corporations.
- ACEC opposes restrictions on ESOPs.

#### *S corporations*

- ACEC supports the S Corporation Modernization Act (HR 2910 and S 996).
- ACEC opposes increased payroll taxes on professional services S corporations (Section 413 of HR 4213).

#### *Independent contractors*

- The rules for determining who is an employee and who is an independent contractor are confusing and vague.
- ACEC supports clarification of the rules that makes compliance easier without making the independent contractor classification too restrictive.

#### *Extension of 2001 and 2003 tax relief*

- In January 2011, the individual income tax rates, capital gains rate and dividend rate are scheduled to increase.
- Many ACEC member firms are organized as passthrough entities, such as S corporations or partnerships, and pay taxes at the individual rates.
- ACEC supports extension of the lower rates.

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