

ACEC Deep South Conference Federal Advocacy Update

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July 22, 2023

The ACEC logo features the acronym "ACEC" in a large, white, serif font. Above the letters is a thin, curved yellow line that arches over the text.

AMERICAN COUNCIL OF ENGINEERING COMPANIES



Legislative Agenda

- Tax – addressing R&D amortization
- New multi-year FAA bill
- IIJA implementation / oversight
- Infrastructure permitting reform
- Immigration and workforce

R&D Amortization

- Prior to 2022, R&D expenses could be deducted in the year incurred.
- Now they must be amortized over five years in most cases.
- Result: higher tax bills and severe cash flow problems.
- Impact: firms using lines of credit to pay the tax, putting off hiring, delaying equipment purchases, and setting aside plans to grow.

R&D Amortization

- Bipartisan legislation pending in the House (H.R. 2673) and Senate (S. 866) will restore pre-2022 policy.
- H.R. 2673 now at over 125 cosponsors, S. 866 at 33 cosponsors.
- House Ways and Means Committee passed legislation to retroactively push back implementation to Jan. 1, 2026.

FAA Reauthorization Priorities

- Increase annual funding for Airport Improvement Program (AIP) to at least \$4 billion; expand eligible uses for terminal improvements consistent with IIJA.
- Lift the cap on Passenger Facility Charges (PFCs) – currently capped at \$4.50 per ticket.
- Provide dedicated funding for resilience planning and provisions for PFAS remediation.
- Facilitate additional uses of unmanned aircraft systems (UAS).

FAA Reauthorization Status

- House approved ACEC-backed bill this week.
 - Increases AIP to \$4 billion / year; authorizes terminal improvement projects.
 - Facilitates UAS testing and integration, BVLOS operations.
- Senate committee action stalled over pilot training requirements, long-distance flights out of Reagan National Airport.

IIJA Implementation Activities

- Track and disseminate grant opportunities, funding announcements.
- Promote fixed-fee contracts by State DOTs.
- Address contract escalation.
- Facilitate Build America / Buy America (BABA) compliance and waivers.
- Modernize NEPA process and environmental reviews.

Infrastructure Permitting Reform

- Expanded use of Categorical Exclusions
- One-year deadline for environmental assessments and two years for environmental impact statements
- Use of private resources to accelerate reviews
- Narrowing agency considerations to reasonably foreseeable environmental impacts, reasonable range of alternatives that are technically and economically feasible and meet purpose and need
- E-NEPA

Infrastructure Permitting Reform

- Issues still unresolved:
 - Limits on judicial reviews
 - Clean Water Act Section 401 permits
 - Interstate transmission lines and Federal preemption authority
 - Impact of Supreme Court ruling on WOTUS jurisdiction

Workforce Challenges

- In the past three months, over half of ACEC firms surveyed (56%) have turned down work due to workforce shortages.
- 91% of firms indicate they have at least one opening. The median number of open positions is five.
- 77% percent of firms are adding people to accommodate growth, and 61% are replacing people who left the organization.
- 35% percent of firms have had at least 10% of their staff leave. The average is 7% for staff turnover.
- Over half of engineering master's degrees/doctorates awarded by U.S. universities were earned by international students in 2019 (ASEE).

Workforce Development Agenda

- Investing in STEM education
- Lifting the cap on H-1B visas and increase the time the visa is valid
- Recapturing unused green cards
- Administrative reforms to the visa process (such as prioritizing engineering applicants)
- Refugee re-settlement
- Engineering and Public Works Roadshow

ACEC Research Institute

- Economic profile of the industry
- Quarterly CEO sentiment surveys
- Research to support the ACEC Advocacy Agenda:
 - QBS – making the dollars case for state/local agencies
 - Design-Build – recommendations for owners and teams
 - Follow-on D/B study in formation – examine benefits of progressive D/B, IPD, CM/GC
 - Lump Sum project in development – making the case to DOTs

ACEC PAC and Political Programs

- \$600,000 raised as of June 30, 2023.
- Hosted 29 events at the townhouse so far in 2023 with 104 Members of Congress, raising nearly \$500,000.
- Hosted 7 MO fly-ins with congressional receptions in 2023, with several more scheduled into the Fall.
- Key priorities moving forward:
 - Continued growth in number of donors and new firms supporting the PAC.
 - Growth in coordinated giving.
 - Building more support for ACEC's independent expenditure fund.

Questions?

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