Major agenda items for ACEC:
- New surface transportation program -- done
- FAA reauthorization -- extension “plus”
- Water infrastructure -- pending
- Comprehensive energy package -- pending

Additional business:
- Appropriations -- “continuing resolution” likely
- Tax reform -- next Congress
Transportation

- FAST Act Federal Funding Opportunities:
  - $4.5 billion in FASTLANE freight grants;
  - $1.4 billion for TIFIA;
  - Alternative financing pilot program (VMT).

- Key Implementation Issues:
  - Oppose U.S. DOT consideration of GHG emissions in performance management rules;
  - Monitor and promote environmental streamlining rules changes.

- Reminding lawmakers of long-term funding challenge.

DOT FAR-Based Audit Rules

- Ongoing work with FHWA, State DOTs to ensure use of FAR cost principles for A/E audits.

- Recent Issues:
  - Limitations on bonuses
  - Excessive financial disclosures from firms with cognizant audit
  - Audit submission deadlines
  - Direct salary / wage rate caps

- ACEC continues to team with FHWA to provide training programs on the Audit Guide; next session in Portland, Oregon in September.
FAA Reauthorization

- Programs extended through Sept. 2017
  - Airport Improvement Program (AIP) maintained at $3.35 billion.
  - Includes targeted aviation safety and airport security measures, related UAS provisions.
  - No air traffic control privatization.

- ACEC priorities for reauthorization:
  - Increase investment
  - Apply QBS to PFC-funded projects
  - FAR cost principles for airport contracts
  - Greater use of drones

Energy

- Energy Policy Modernization Act (S. 2012), passed Senate:
  - Promotes energy efficiency through model building codes.
  - Modernize electrical grid, stress resiliency/security;
  - Streamline permitting for LNG exports; creates agency coordinating committee on energy/water policy nexus.

- North American Energy Security and Infrastructure Act of 2015 (HR 8), passed House:
  - Emphasizes modernizing energy transmission, distribution, and storage;
  - Regulatory streamlining and reforms for pipeline construction, energy exports (LNG).

- House, Senate forging ahead with conference negotiations.
**Water Infrastructure**

- The Water Resources Development Act (WRDA) 2016 passed Senate Committee:
  - Authorizes nearly $12 billion for flood control, navigation, other water infrastructure needs.
  - Includes new QBS requirement for SRF-funded drinking water projects.
  - Authorizes new water trust fund, funded through voluntary contributions.
  - Financial assistance to reduce lead in drinking water, grant funding for combined sewer overflows (CSOs).

- House bill approved in Committee:
  - Smaller bill ($5 billion), focuses on Corps projects.

- Possible Senate floor action in September.

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**Tax Reform**

- House recently released tax reform blueprint:
  - New top rates for corporations (20%), passthroughs (25%), and individuals (33%);
  - Eliminates individual & corporate AMT, estate tax; provides full expensing for capital investments;
  - Eliminates most deductions, retains R&D credit;
  - Eliminates taxes on overseas income going forward.

- ACEC developing industry comments.

- Action Items: (1) make sure your firm is represented on ACEC’s Tax Committee, (2) review blueprint and provide feedback.
**Tax Challenges**

IRS Denying R&D tax credit for A/E firms:
- Firms are routinely being challenged, initial rejections are often reversed in part or in whole on appeal;
- IRS examiners believe A/E services don’t qualify (contradicted by law and recent court ruling);
- Leadership of a House Committee recently challenged the IRS on their actions;
- ACEC is pursuing additional options with Congress to protect firms, also doing education program focused on the credit.

Section 179D energy-efficient commercial buildings tax deduction:
- Deduction is claimed by building owner; when the owner is a public entity, they can assign the deduction to the designer;
- Some public entities are demanding payment or reduction in fees in exchange for allocating the deduction;
- Senator Ben Cardin (D-MD) challenging IRS;
- Deduction expires at the end of 2016, likely to be included in year-end tax extenders package.
**International**

- Export-Import Bank reauthorization in the FAST Act; now working to secure quorum for Board.
- Engaging with agencies and Congress on Trans-Pacific Partnership (TPP).

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**Regulatory Issues**

- New FLSA rule boosts salary threshold for overtime to $47,476; takes effect December 1st.
- Proposed “blacklisting” rule requiring federal contractors to report violations of federal (and state) labor laws and EOs by firms and subs; Congress working to limit scope.
- DOL “sick time” rule for federal contractors, 56 hours/year, weekly reporting.
- Overhead caps for firms working for federal agencies (DoD agencies primarily).
Regulatory Issues (cont.)

- Waters of the U.S., court challenges have blocked implementation.
- Clean Power Plan (CPP) mandating reductions in CO2/other emissions, increases in renewables; Supreme Court decision delayed implementation.
- SEC municipal advisor rule; ongoing work seeking clarifications on scope of coverage.
- New FERC cybersecurity rule – concerns over liability; ACEC engaging on implementation.

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