

2017 National and Chapter Leadership Conference

Legislative Update Webinar
September 15, 2017



National & Chapter Leadership Conference

MONDAY, SEPTEMBER 25

| | |
|------------------|---------------------------------------|
| 2:45 – 3:45 p.m. | AGC Legislative Priorities & Overview |
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Breakouts

| | |
|-------------------|--|
| 9:45 – 10:45 a.m. | Silica, Paid Leave, Workforce, Gold Shovel |
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| | |
|-------------------|-------------------------------------|
| 11:00 a.m. - noon | Highway Division, Building Division |
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| 4:00 – 5:00 p.m. | Why Advocacy Matters |
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TUESDAY, SEPTEMBER 26

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| 7:30 – 8:30 a.m. | AGC Legislative Priorities & Overview |
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| 10:00 – 11:00 a.m. | White House Briefing |
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| 1:00 – 6:00 p.m. | Capitol Hill visits |
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Overview

- Trump is shaking things up
- The Obama regulatory machine is being retooled
- Agencies are staffing up and in listening mode
- Congress has rolled back regulations like “blacklisting” and “Volks”
- Aggressively looking for ways to advance the industry agenda
- Thank you for coming to meet with members of Congress and their staff

AGC Policy Agenda

No Action Yet

- Make Sure Government Rules and Regulations Improve Workplace Safety
- Create a Positive Environment for Private Building Construction
- Reinvigorate Federal Construction Programs and Pass a Significant, Long-Term Infrastructure Bill
- Make the Highway Trust Fund Sustainable
- Protect Employers' and Employees' Rights to Free Speech and a Fair Process in Union Organizing
- Modernize Multiemployer Pension Plans
- Oppose Government-Mandated PLAs
- Make the Federal Procurement Process Save Money and Increase Competition

Debate Beginning

- Improve the Pipeline for the Construction Workforce
- Tax Reform Cannot Ignore "S" Corps, Capital Investment, or Infrastructure Needs
- Support Regulations, Policies, Guidance, and Executive Orders that are Cost-Effective and Practical

Action but not Enactment

- Improve Health Care Affordability and Quality
- Repeal the Prior Approval Requirement for PAC Solicitations

Laws Enacted!

- Repeal of Volks OSHA Rule
- Repeal of Blacklisting Executive Order

AGC Key Votes in the 115th Congress



US House

- Repeal Blacklisting Executive Order
- Repeal Volks Rule



US Senate

- Repeal Blacklisting Executive Order
- Repeal Volks Rule

Congressional Calendar

■ House in session
 ■ Senate in session
 ■ Both Chambers in session
 ■ Holiday

September

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| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

Week of 25th
 Tax Plan Released
9/30
 ObamaCare Repeal ends
 FAA Authorization Expires

October

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| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

Budget Resolution
 Tax Reform
 Infrastructure
 Harvey/Irma Recovery

November

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| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
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11/7
 Election Day
 Continue Debate:
 Tax Reform
 Infrastructure
 Harvey/Irma Recovery

December

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|----|----|----|----|----|----|----|
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| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

12/8
 Government Funding Expires
 Flood Insurance Expires

12/12
 AL Senate Election

AGC Goals for 2017

- Convince agencies to revise and/or retract regulations & Executive Orders or convince Congress to block them
- Address industry workforce shortage
- Support infrastructure investment, tax reform, permit streamlining & avoid policies that reestablish bad policies

Fighting Regulations

AGC is tracking over 30 different regulations and pushing back through comprehensive comments, agency meetings, congressional oversight and litigation in some cases. Some of the most significant regulations include:

Safety

- Silica
- Drug testing
- ~~“Volks Rule”~~

Labor Relations

- ~~Persuader Rule~~
- Quickie Elections
- Joint Employer

Employment Practices

- ~~EEO-1 forms~~
- Overtime
- Affirmative Action

Environment

- WOTUS
- Permit Streamlining

Tax

- Debt/Equity
- Death Tax

Technology

- Drones

Transportation

- Local Hire
- ~~Greenhouse Gas Measurement~~
- Hours of Service
- Electronic Logging Devices

Federal Contractors

- ~~“Blacklisting”~~
- Project Labor Agreements
- Paid Sick Leave

Top Legislative Issues for 2017

- Based on timeliness, achievability, and impact on industry:
 - Comprehensive Tax Reform
 - Increase Infrastructure Investment
 - Environmental Streamlining
 - Addressing Workforce Shortage
 - Prior Authorization

Key Players in Tax Reform

HOUSE OF REPRESENTATIVES

SENATE

ADMINISTRATION



**President
Donald Trump**



**Speaker
Paul Ryan**



**Majority Leader
Mitch McConnell**



**NEC
Gary Cohn**



**Ways & Means
Kevin Brady**

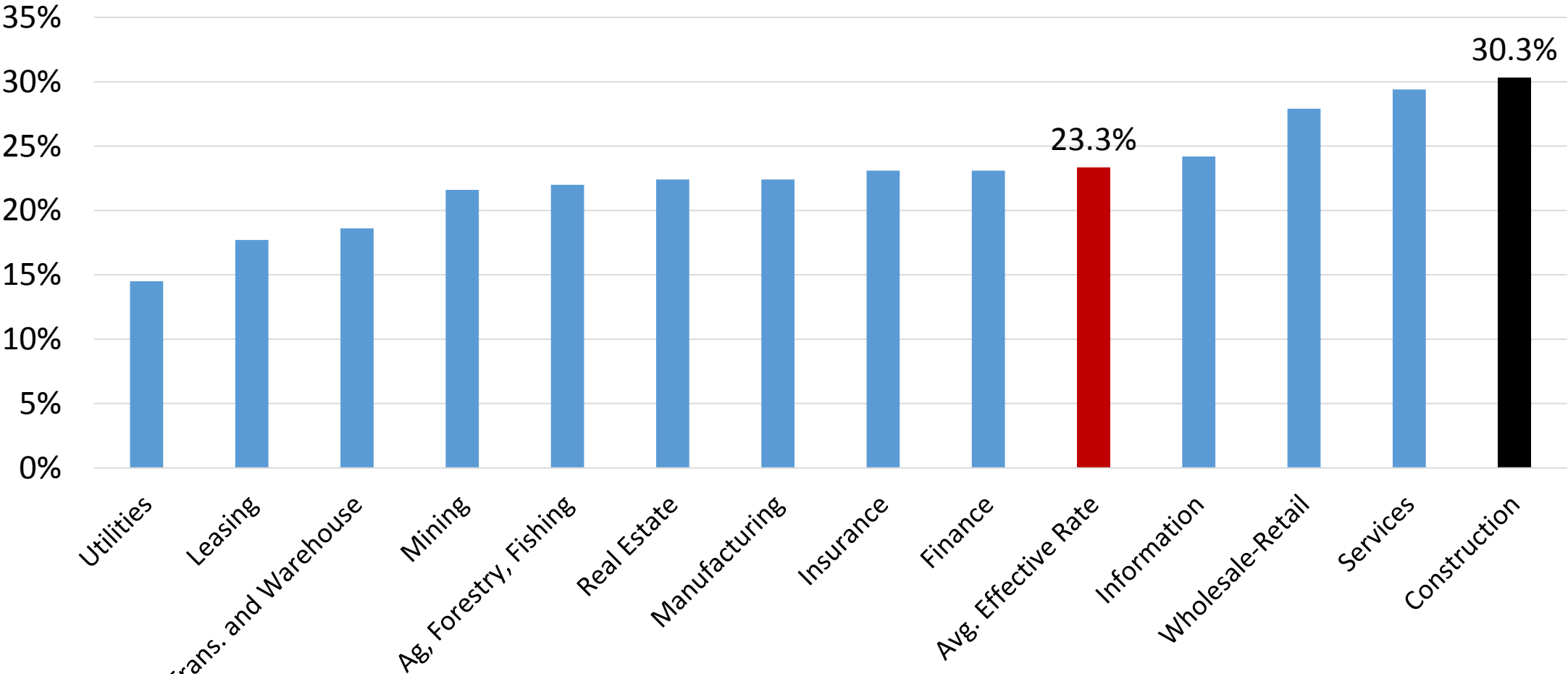


**Finance
Orrin Hatch**



**Treasury
Steven Mnuchin**

Effective Tax Rates by Industry



Source: Department of Treasury

AGC Priorities for Tax Reform

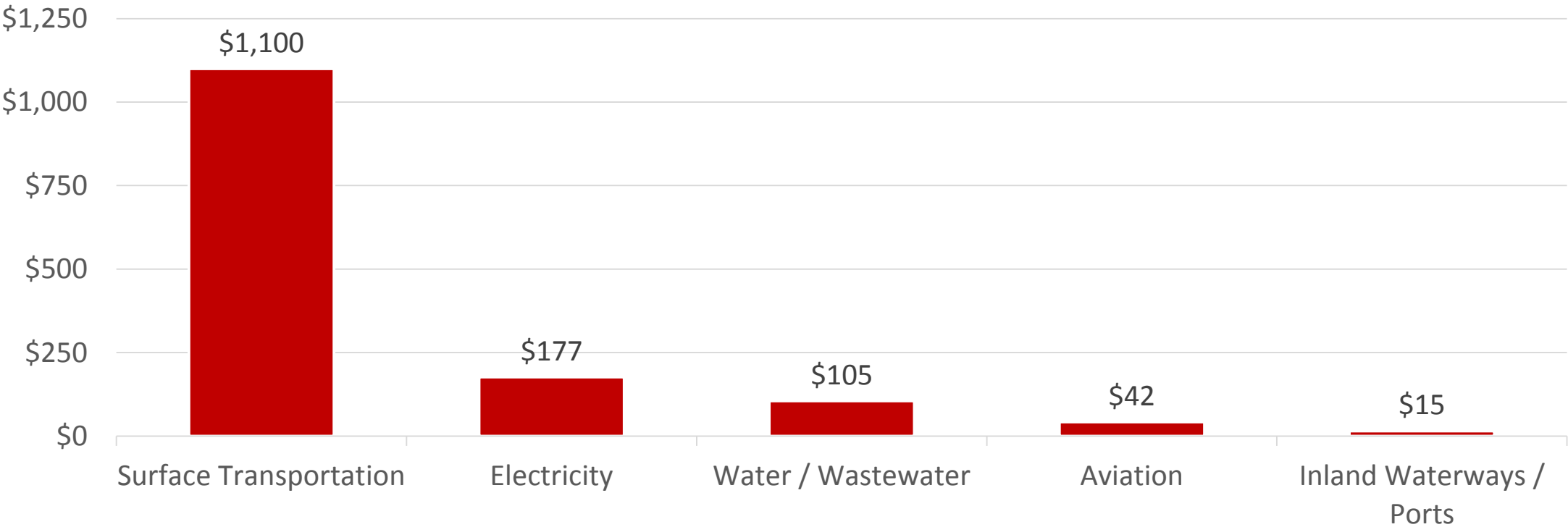
- **Reduce Tax Rates for Corporations and Pass-Through Businesses**
- **Simplify the Tax Code**
 - Repeal the Alternative Minimum Tax
 - Raise the Small Contractor Exemption
 - Increase the Availability of Cash Accounting
 - Eliminate Look-back Rules for Long-Term Contracts
- **Promote Infrastructure Investment in the Tax Code**
 - Co-Sponsor H.R. 960/S.326, the Public Buildings Renewal Act
 - Maintain Tax Exempt Status of Municipal Bonds
- **Oppose Efforts to Increase Estate Taxes**
 - Full repeal/step up in basis/no backsliding on \$5 million or indexing
 - 2704 Regulations

Infrastructure Investment

- **AGC is pushing to link tax reform and infrastructure investment**
 - Infrastructure enjoys broad bipartisan support and could help move tax reform through Congress
 - Combining tax reform and infrastructure investment is a win for the economy
 - A dollar invested in infrastructure provides greater economic output than tax cuts
 - Tax reform and infrastructure investment are already connected
 - Our nation's infrastructure needs are well documented

Infrastructure Investment

Funding Gap: \$1.4 Trillion Over 10 Years
\$ in billions



Source: American Society of Civil Engineers 2016 Failure to Act Report

Infrastructure Investment

- **Administration's Plan - \$200 Billion over 10 years**
 - \$100 billion for local prioritization of projects
 - \$25 billion for rural infrastructure
 - \$15 billion for transformative projects
 - 1 million new apprentices
 - 8 Year reduction in permitting process



| Key Components of a Tax and Infrastructure Package should Include: | |
|--|--|
| <p>Surface Transportation</p> <p><i>Current Funding:</i> \$ 941 B <i>Gap:</i> \$ 1.1 T <i>Total Needs:</i> \$ 2.042 T <i>AGC Solutions:</i> \$ 264 B</p> | <p><i>Solutions:</i></p> <p>Highway Trust Fund: Increasing the gas tax by 15 cents would <i>raise \$240 billion over 10 years</i>. Other user-related revenue options should also be considered.</p> <p>Private Activity Bonds (PABs): increasing the volume cap for transportation PABs by \$5 billion would <i>result in an additional \$19 billion in investment of large transportation infrastructure projects</i>.</p> |
| <p>Electricity</p> <p><i>Current Funding:</i> \$ 757 B <i>Gap:</i> \$ 177 B <i>Total Needs:</i> \$ 934 B <i>AGC Solution:</i> Permitting Reform</p> | <p><i>Solution:</i></p> <p>Federal funding is not a primary concern, as many electric/energy projects are funded with private dollars. However, significant delays in the environmental permitting process causes delays and increases costs. Conducting environmental reviews and permitting processes in a concurrent, rather than sequential manner as well eliminating duplicative consultations will help with delivering these projects in a faster and more cost efficient manner.</p> |
| <p>Aviation</p> <p><i>Current Funding:</i> \$ 115 B <i>Gap:</i> \$ 42 B <i>Total Needs:</i> \$ 157 B <i>AGC Solution:</i> \$ 25 B</p> | <p><i>Solution:</i></p> <p>Increase funding for the Airport Improvement Program and lift the \$4.50 cap on the Passenger Facility Charge (PFC). <i>Raising the PFC to \$8.00 would raise \$25 billion over 10 years</i>.</p> |
| <p>Water / Wastewater</p> <p><i>Current Funding:</i> \$ 45 B <i>Gap:</i> \$ 105 B <i>Total Needs:</i> \$ 150 B <i>AGC Solutions:</i> \$ 71 B</p> | <p><i>Solutions:</i></p> <p>Private Activity Bonds (PABs): Lifting the volume cap for water infrastructure <i>unlocks up to \$6 billion in private investment</i>.</p> <p>WIFIA: Provide \$200 million annually over 5 years for WIFIA loans to Clean and Drinking Water SRF's. <i>This \$1 billion appropriation would generate \$65 billion in loans</i>.</p> <p>Maintain Tax Exempt Status of Municipal Bonds: Eliminating the tax exempt status of municipal bonds would <i>remove \$310 billion annually for state and local infrastructure</i>.</p> |

| Key Components of a Tax and Infrastructure Package should Include: | |
|---|---|
| <p>Inland Waterways / Ports</p> <p><i>Current Funding:</i> \$ 22 B <i>Gap:</i> \$ \$15 B <i>Total Needs:</i> \$ 37 B <i>AGC Solution:</i> \$18 B</p> | <p><i>Solution:</i></p> <p>Harbor Maintenance Trust Fund/Inland Waterways Trust Fund: Ensure all user-generated revenue sources that support these trust funds are fully utilized for water infrastructure. <i>This would raise \$18 billion over 10 years.</i></p> |
| <p>Federal Buildings Fund</p> <p><i>Current Funding:</i> \$ 8.8 B <i>Gap:</i> \$ 4.6 B <i>Total Needs:</i> \$ 13.4 B <i>AGC Solutions:</i> \$ 5 B</p> | <p><i>Solutions:</i></p> <p>Civilian BRAC: The disposal of unneeded federal real property would allow for billions of dollars in construction work. For example, GSA sold an abandoned heating plant in Washington, D.C., for \$19.5 million that will be converted into high-end condos, requiring more than \$100 million in private construction. Disposal of the property has the potential to <i>generate \$8 billion through the sale of these properties.</i></p> <p>A-11 Reform: Modify outdated budget scoring policy and enable federal agencies to make infrastructure, real property and procurement decisions that unlock private sector investment.</p> <p>Private Activity Bonds (PABs): Expanding PABs to include additional types of public infrastructure <i>would cost \$48 million over 10 years and result in \$5billions of dollars of private investment.</i></p> |
| <p>Additional Financing and Funding Sources</p> <p><i>AGC Solution:</i> \$ 371 B</p> | <p><i>Solution:</i></p> <p>Move America Forward Tax Credits/Bonds. Private sector purchasers would be allocated tax credits to attract private investment in public infrastructure. This proposal would <i>turn \$8.1 billion cost into \$226 billion in bond authority.</i></p> <p>Support additional funding and financing options that promote the construction of infrastructure at the federal, state and local levels. <i>Including a one-time tax on U.S. Corporations' foreign earnings – repatriation –would raise over \$125 billion for infrastructure.</i></p> |

AGC Priorities for Environmental Permitting

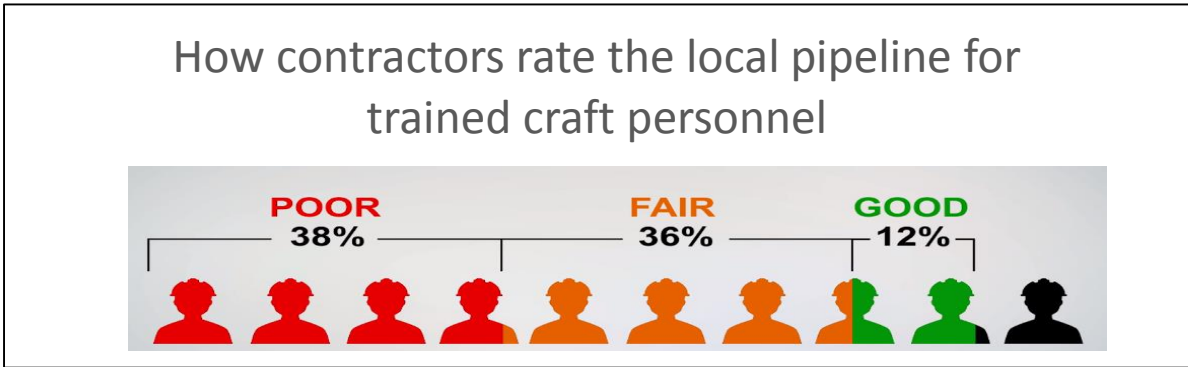
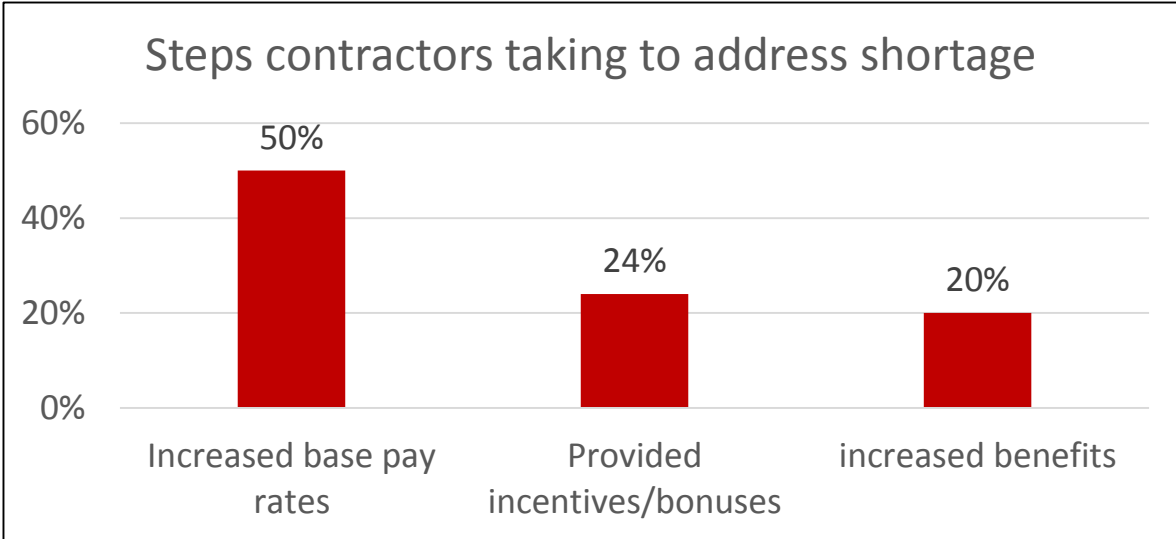
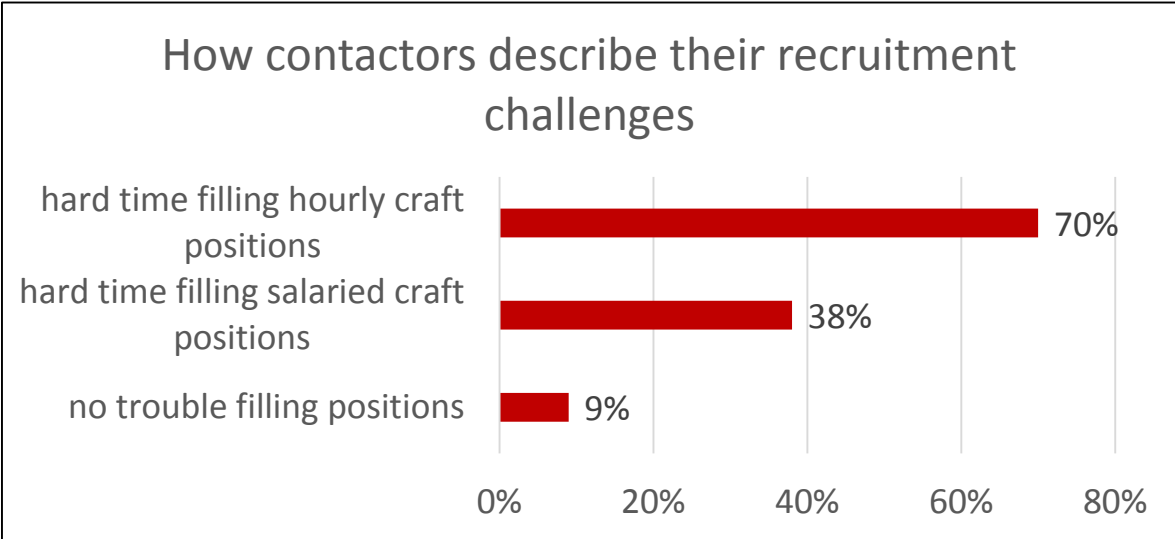
AGC Message:

- Performing sequential and duplicative environmental reviews after the NEPA Record of Decision results in massive schedule, budget, and legal hurdles
- Merge the NEPA review process and the Clean Water Act Section 404 permitting process
- A reasonable and measured approach to citizen suit reform could prevent misuse of environmental laws

AGC Ask:

- Tell Congress and the White House to reform the environmental permitting process

AGC Construction Workforce Shortage Survey



Programs to Address Workforce Shortage

- **Perkins CTE:**
 - \$1.1 billion state grant program that funds career and technical education
 - Last authorized in 2006 and outdated for today's labor market needs; priorities include: alignment, collaboration and internships
- **Apprenticeship Executive Order:**
 - Executive Order 13801 would double federal funding and streamline registration approval
 - Ensure construction industry is eligible for new apprenticeship programs
- **Additional Initiatives:**
 - JOBS Act would authorize Pell grants for short-term training programs
 - BUILDS Act would provide training grants for in-demand skills
 - Link infrastructure investment and job training

Prior Authorization

AGC Message:

- Federal Election law requires prior authorization for PAC solicitation and limits authorization to one trade association per year
- House passed appropriations amendment prohibiting FY2017 funds and recent omnibus (H.R. 3354) prohibiting FY2018 funds from being used to enforce requirement (a first step)

AGC Ask:

- Co-sponsor H.R. 2101, the Prior Approval Reform Act, which repeals the outdated and burdensome prior authorization requirement
- Block funds from being used to enforce requirement in appropriations bill

H.R. 3354 - Department of the Interior, Environment, and Related Agencies Appropriations Act

211-198
Passed



Policy Issues for 2017

Top Issues

- Comprehensive Tax Reform
- Infrastructure Investment
- Environmental Permitting Reform
- Workforce
- Prior Approval for PAC

Other Issues

- Civilian BRAC
- Composite Plans
- Contractor Blacklisting
- Paid Sick Leave EO
- Procurement Reform
- Project Labor Agreements
- Regulatory Reform
- Silica
- Transportation funding

Capitol Hill



Questions?

Contact Brynn Huneke at brynn.huneke@agc.org or (703) 837-5376 to schedule a meeting with a congressional office.

Contact Jeff Shoaf at shoafj@agc.org or (202) 547-3350 with any additional questions.