

THE FIRST WORD

April, 2017

Transportation Funding Critical as Legislature Rolls into 2nd Half of Session; Budget & Taxes Will Dominate Discussions

After a slow week around the Capitol following the passage of the 1st half of the session, the Legislature will be at full speed for the first few weeks of April. Deadlines come quicker and attention will turn to solving the state's budget crisis.

As we said in our March 24th Legislative Update, there is a lot of work being done behind the scenes on the budget and little, if any, of the details are being "leaked."

The most recent "rumor" is that there is strong consideration being given to raise the state's gross production tax from 2% to 5% along with an increase in the cigarette tax some \$1.50 per pack. Together these would raise some \$500 million in new revenues. We are also hearing the there is discussion of eliminating "itemized deductions" on the personal income tax...i.e., mortgage interest, property taxes, etc...although we don't know what the fiscal impact of that would be.

As we have previously discussed, an increase in the motor fuels tax has been proposed to help fund teacher pay raises while keeping the ROADS Funds intact. Basically, the motor fuel tax would go to the ROADS Fund, and in turn, the general revenue fund transfer from income & sales tax to the Fund would be lessened by an equal amount.

As for a possible Sales Tax on Professional Services, everything we hear is that this is highly unlikely. Opposition to the Governor's proposal had been widespread, and many Legislators have said that it's basically "dead on arrival."

That being said, ANYTHING can happen in the last few weeks of any legislative session! Budget deals can and will be broken. Tempers will grow short. New ideas will be floated. The House, Senate, and Governor will....well, you get it. ANYTHING can happen!

All in all, it's going to be very interesting to see what happens during the final weeks of the session as the House, Senate, and Governor try to reach an agreement on next year's budget. This past Thursday, Governor Fallin threw down the gauntlet saying, "We need to get down to business" and the discussions are on-going but nowhere close resolving the challenges.

May 26th is the constitutionally mandated adjournment, and that "light in the tunnel" is getting bigger every day!

As we reported in the May 24th update, several bills which ACEC OKLAHOMA was following failed receive action prior to the last deadline and are "dormant" for the remainder of the session.

We are still tracking several important bills, and new ones will pop-up as the budget bills begin to be developed.

For now, however, our **PRIMARY** focus is to make sure the Legislature understands how critical maintaining the current funding level in the ROADS Fund is not only to our industry, but to the economic well-being of Oklahoma.

On page 2 are to "SAMPLE" letters which we encourage you to review, personalize, and **SEND to your State Representative and State Senator at their office in the Capitol in Oklahoma City.** These letters were developed by two of our member firms and provided to their employees, who, in turn, have sent close to 100 letters to their Representatives and Senators!

Their voices are being heard! Will you please add your and your employees voices to the choir????

THE CONSULTING ENGINEERING PROFESSION MUST BE HEARD FROM NOW!

As an profession, we can't sit by and just "hope" for the best. We must be engaged and let our elected officials know that transportation funding must remain at current levels. We've come too far over the past 10+ years to stop now.

ACEC OKLAHOMA will be working hard at the Capitol to everything possible to maintain the current funding level, and your letters are critically important to getting our message heard and understood.

DON'T PUT IT OFF! SEND YOUR LETTERS TODAY!

**ACEC OKLAHOMA
GENERAL MEMBERSHIP MEETING
Thursday, April 20, 2017
5:00PM
Terracon Office, Tulsa
Registration information coming soon**

Sample Letters Supporting Transportation Funding

Feel Free to Edit and Customize With Your Personal Touch

Dear _____,

I am a constituent in your District and am writing to express my concern on the revenue shortfall the State of Oklahoma is experiencing this year. I am an employee of (*your firm name*) a locally owned and based engineering firm employing _____ people. I ask you to fervently oppose further cuts to the transportation and county appropriations committed by previous legislatures. In previous years and as late as last year, legislators have balanced the budget on the backs of Oklahomans and specifically at the expense of the Department of Transportation and County Improvement for Roads and Bridges fund.

Although we have made great strides investing in our infrastructure since 2005, I ask you to remain committed to Oklahoma's roads and bridges. We can look at the past, specifically from 1985 to 2005, and determine what happens when this investment is less of a priority. The State of Oklahoma provided no funding for construction from 1985 to 2005 to the Department of Transportation and because of this our roads were categorized as a "D" and our bridges a "D+" according to the 2013 American Society of Civil Engineers report. Progress has been made but our assets must be maintained and deficiencies addressed or the progress made will be lost (one step forward and two steps back).

Infrastructure investment is an engine for long-term growth, increasing GDP, employment, household income, and exports. We currently rank third in the country for structurally deficient bridges according to the National Bridge Inventory from the Federal Highway Administration. In addition, the American Society of Civil Engineers has classified 70% of Oklahoma's roads as being in poor or mediocre condition. We can't turn back now and I encourage you to invest so that Oklahomans will reap future rewards because of your decisions.

In 2003, the Oklahoma Department of Transportation developed an Eight Year Construction Work Plan prioritizing the most critical projects in our state. This plan was 100% federally funded until our legislators decided to invest in our number one Oklahoma asset. We are now experiencing benefits because of those investments and can't take a U-turn now. Your commitment to continued funding will help address our most critical transportation priorities and because of your decision we will continue to see progress made on our highway network. Without argument, transportation is a massive enterprise with substantial direct and indirect effects on economic productivity and economic growth.

I recognize that our state is facing a significant budget shortfall this year, however transportation is an enabler of economic activity and tourism and a facilitator of education and trade.

The future of our state depends on you to make informed and effective decisions. Transportation investments deliver.

Respectfully,

Dear _____,

As an employee at a local engineering firm and a resident of the state of Oklahoma, I ask that you oppose any further cuts to the state's transportation budget.

Oklahoma's roads and bridges are already in dire need of repair and replacement. We currently rank third in the country for structurally deficient bridges according to the National Bridge Inventory from the Federal Highway Administration. In addition, the American Society of Civil Engineers has classified 70% of Oklahoma's roads as being in poor or mediocre condition.

In 2012, the Oklahoma Department of Transportation developed an Eight Year Construction Work Plan that prioritized the most critical projects in our state. Without funding to continue to implement that plan and address our most critical transportation priorities, we will see a further decline in our state's infrastructure.

I recognize that our state is facing a significant budget shortfall this year, but I believe that the infrastructure of our state is too critical to be cut. Infrastructure is important for the future of both industry and tourism—without adequate infrastructure and passable roads, businesses cannot transport goods where needed and individuals choose other destinations with better roads. At the same time, the transportation industry creates jobs and revenue for our economy.

Please advocate for and vote to preserve our transportation funding at its current level rather than making cuts to our transportation budget. The future of our state depends on it.

Sincerely,

Find Your Legislator

Don't know who your State Representative and/or State Senator is?

The link below will help you find your State Representative and State Senator. Simply enter your address (home and/or work) and then scroll down. Click on the picture for address, email, etc.

<http://www.oklegislature.gov/FindMyLegislature.aspx>

Mark Your Calendar

ODOT/ACEC Partnering Conference
Thursday, May 18, 2017
Reed Center, Midwest City

Registration information coming in April

ACEC Analysis of Trump Budget Proposal on Key Programs for Members/Clients

As you may know, President Trump submitted his initial budget proposal to Congress, calling for major cuts in domestic discretionary spending, including many programs that support infrastructure projects, environmental clean-ups, and other market sectors that our members engage in. At the same time, the budget proposal includes significant increases in defense accounts, although it doesn't provide more detailed information on proposed allocations. We have serious concerns over many elements of the President's budget, and have heard from a number of members expressing similar concerns. It is important to stress however that this proposal is only the very first step in a very long process in which Congress will make all the decisions as it crafts its own budget; and that budget will be followed by subsequent appropriations bills that will fund specific agencies and programs. As always, we will work closely with Congress to protect and promote key programs for our members and their clients across all markets.

Below are some of the major elements of the President's budget relevant to our industry:

USDOT

- An overall \$2.4 billion or 13 percent decrease in spending relative to the 2017 level (while the budget proposal lacks specifics, it is assumed that the reductions do not apply to programs funded through trust funds, including highways, transit formula funds, and airport improvement);
- The budget proposal limits transit New Starts capital investment funding to projects with existing full funding grant agreements;
- The budget also eliminates TIGER multimodal grants and support for Amtrak's long distance routes, instead refocusing funds on state-supported routes and the Northeast Corridor.

EPA

- The budget proposes to cut the agency by \$2.6 billion, a 31.4 percent reduction in spending;
- On the plus side, the budget proposes \$2.3 billion for the Clean Water and Drinking Water State Revolving Funds, a \$4 million (2%) increase over 2017 levels, as well as \$20 million for the new WIFIA program, which provides loans and loan guarantees to support larger water projects;
- The budget request also reduces the Superfund hazardous waste clean-up funding by \$330 million, and proposes to eliminate funding for the Clean Power Plan, international climate change programs, the Great Lakes Restoration Initiative, and the Chesapeake Bay restoration project, among other EPA programs.

Energy

- The budget provides \$120 million to re-starting the licensing process for the Yucca Mountain nuclear waste repository, and provides \$6.5 billion for the Environmental Management program to support the clean-up of nuclear energy research and weapons production sites;
- While lacking specifics, the budget calls for increased funding for Interior Department energy development programs on public lands and offshore.

Departments of Defense and Homeland Security

- Boosts overall defense spending by \$54 billion, with broad references to priority objectives;
- The Corps budget would be reduced by \$1 billion, a 16.3 percent reduction relative to current spending levels;
- \$2.6 billion for a border wall and other "tactical infrastructure" and border security technologies;
- Cuts FEMA funding by \$667 million, and creates a new 25 percent match for FEMA preparedness grants.

USDA & HUD

- The budget would eliminate funding (\$498 million) for the water/wastewater program serving rural communities;
- Eliminate funding for the Community Development Block Grant (CDBG) program.

International

- The budget proposes reductions in funding for the multilateral development banks, including the World Bank, by \$650 million over three years;
- Funding for the State Department's Overseas Building Office (OBO) would be reduced by 15.3%, to \$2.2 billion, and the budget calls for "greater efficiencies through reorganization and consolidation at the Department of State and the US Agency for International Development (USAID);

President's Monthly Update

April, 2017

David Raymond, President & CEO

As we close in on our Annual Convention, now three weeks away – with projected record attendance – our early advocacy gains this year include repeal of the unfair "blacklisting" rule, and go-aheads for the Keystone and Dakota pipelines. ACEC/PAC fundraising is again running at a record pace; and our "voice" for the industry was heard in an interview with ABC news on the President's \$1 billion infrastructure proposal. The Convention will give us an opportunity to discuss challenges ahead, hear from economic and political experts, and lobby Congress on key issues including infrastructure and tax measures. See you soon.

General

- ACEC Chairman Peter Strub and President Dave Raymond discussed with Senator John Barrasso, Chairman of the Senate Environment and Public Works Committee, infrastructure, energy and regulatory actions (full interview to be featured in the July-August issue of Engineering Inc.).
- Following President Trump's address to a joint session of Congress, ABC News interviewed ACEC President Dave Raymond on the President's \$1 trillion infrastructure investment proposal.
- ACEC/PAC has surpassed \$300,000 in total receipts in the first quarter of this year; ACEC/Wisconsin became the second state to reach their 2017 PAC goal, after ACEC/Indiana.
- Awarded a Minuteman Fund grant to ACEC/Arkansas to help kill a bill that would require competitive bidding.
- Stantec's acquisition of MWH is completed (in the U.S.) with the combined company employee count of 22,000.
- Hosted introductory meetings at ACEC headquarters with freshman Members of Congress Brian Mast (R-FL) and Mike Gallagher (R-WI).
- Sent letters to House and Senate members urging support for legislation introduced by Senator Jeff Flake (R-AZ) and Representative Dennis Ross (R-FL) to eliminate the mandated use of Project Labor Agreements (PLAs) for larger federal projects.
- ACEC staff gave presentations at state meetings in Oklahoma, Missouri, and South Carolina on major national advocacy priorities.
- Engaged in a three-day conference with the North American Electric Reliability Corporation (NERC) to promote industry priorities related to supply chain cybersecurity standards.
- Supported efforts by ACEC/Florida to oppose legislation that would severely weaken Florida's QBS law; these efforts persuaded state lawmakers to postpone consideration of the bill in committee.

Government Advocacy

- The President signed into law ACEC-backed legislation to repeal the so-called "blacklisting" rule which would have jeopardized firms competing for federal work.
- Successfully supported House passage of HR 1101 which facilitates the expansion of association health plans, such as the ACEC Life-Health Trust.
- Promoted a bipartisan House letter in support of retaining tax-exempt municipal bonds.
- The latest members of ACEC/PAC's Capitol Club this year (contributing the legal maximum of \$5,000) are: David Bills of Bills Engineering in Hawaii; Jeffery McBride of EBL Engineers in Maryland; Terry Neimeyer of KCI Technologies in Maryland; Judith Nitsch of Nitsch Engineering in Massachusetts; Gary Raba of Raba Kistner in Texas; and Kenneth Smith of T. Baker Smith in Louisiana.
- Hosted fundraising events for Representatives Bill Shuster (R-PA), Peter Roskam (R-IL), Nydia Velazquez (D-NY), John Katko (R-NY), and Mark Meadows (R-NC).

