



THE FIRST WORD

March, 2014

2014 Legislative Session in Full Swing

What a difference a day makes!

Last month we reported that 2,232 bills and resolutions were filed to begin the 2014 session and that there are nearly 2,100 "carry over" bills from last session.

Well, the stroke of midnight on Thursday, Feb 27th marked the passing of the first major deadline of the session which required that bills be acted upon by in Committee. With that, the number of active bills dropped to 1,3118, meaning that approximately 75% of the active bills died for this session.

ACEC OKLAHOMA has been actively working to protect your interests, and our Lobbying Team is keeping a close eye on the activities at the Capitol.

Here's a quick overview of bills of interest which survived the first deadline:

GOODSAMARITANACT

Two bills were introduced which amend the existing Good Samaritan Act which provides for liability immunity for engineers providing voluntary services during a declared disaster.

HB 2312 by Rep. Morrisette and **HB 3188** by Rep. Echols, Rep. McBride, and Rep. Turner extend the liability protection under the existing Act.

The current Act protects voluntary services from personal injury, wrongful death, property damage, or other loss related to the licensee's acts or omission during a declared natural disaster or catastrophic event. This liability "shield" is for voluntary assistance **AFTER** a disaster.

Both HB 2312 and HB 3188 would provide a similar "shield" for professional services voluntarily provided **BEFORE** as disaster!

Both bills are in response to the tragedies of the May, 2013 Moore tornado, and efforts to provide Safe Rooms or Safe Refuge areas in schools. The sponsors believed that if engineers are asked to voluntarily provide "risk assessments" for schools, then those voluntary services should be provided the same liability immunity as granted under the existing Act.

The original language in both bills, in ACEC OKLAHOMA's opinion, didn't quite reach the desired goal or provide adequate protection. ACEC OKLAHOMA's lobbying team, working with the sponsors, provided amendatory language, which will make both bills acceptable to ACEC OKLAHOMA.

HB 2312 unanimously passed the House Judiciary Committee with ACEC OKLAHOMA's language. HB 3188 in its original form also passed the House Judiciary Committee, and Representative Turner plans to offer ACEC OKLAHOMA's amendatory language when the bill is taken up on the House floor.

In fact, on Monday, March 3rd, HB 3188 was brought up for consideration on the House floor, and Turner's amendment to insert ACEC OKLAHOMA's language was adopted. Then, on final action, the bill passed the full House 89-0. HB 3188 now goes to the Senate for consideration where Senator Anthony Sykes, Chairman of the Senate Judiciary Committee, is the Senate Sponsor.

HB 2312 is awaiting action on the House floor.

TRANSPORTATIONISSUES

HB 2898 - Public/Private Partnerships and Design/Build. This bill would allow ODOT to enter into Public/Private Partnership agreements for transportation projects, and, would also allow ODOT to use Design/Build on certain projects.

TRANSPORTATIONFUNDING - While there are no bills at present which address any changes in the current methods of

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Legislative Report (Cont.)

TRANSPORTATION FUNDING (Cont.)

funding ODOT, the most recent reports from the State Board of Equalization indicate that the Legislature will have some \$177 million less dollars to work with this session.

With money being tight, the Legislature will look to a variety of funding sources to either cut or re-direct, and ACEC OKLAHOMA and other transportation group are concerned that some effort MIGHT be taken regarding ODOT's funding sources. Any cut or postponement in ODOT funding would have a serious, detrimental impact on the current 8-Year Plan, and could cause delays or postponements of current projects.

Also, what would seem to be a possible "one-time" cut in funding, actually has multi-year ramifications!

For example, if the Legislature should "delay" a \$50 million deposit into ODOT's account for the coming fiscal year, that delay could be upwards of \$400 million over an eight year period.

ACEC OKLAHOMA and all of the transportation related groups will watch this very closely and do everything possible to protect ODOT's current funding mechanisms.

OTHER

There are several other bills that ACEC OKLAHOMA is watching, ranging from Roofing Contractor registration to possible changes in the Architect's Registration Act.

While these are not on our current "priority" list, we will keep a watchful eye on many issues as the Session progresses, and keep you informed as the need arises.

As always, if you have any questions about these or any other activities at the Capitol, please don't hesitate to contact us.

ACEC PAC Spring Sweepstakes

Only 100 Tickets Still Available

Your chance to win \$10,000 is quickly slipping away!!!!

Tickets for the ACEC PAC Spring Sweepstakes drawing are selling like hotcakes with 600 tickets already sold.

A \$200 donation to ACEC PAC will reserve your entry. An entry form was sent to you last week, or, you can call ACEC OKLAHOMA and we will send you another. Enter today!!!!

Protect Your Firm with *Key Person* and *Employment Practice Liability* Insurance from The ACEC BIT

The ACEC Business Insurance Trust (ACEC BIT) offers a full line of Business Insurance products to ACEC members, and would like to highlight two which you may not have considered....Key Person and Employment Practice Liability.

Regardless of the size of your firm, it is sure to have one or more key persons. These primary shareholders, department heads, salespeople, etc, may be responsible for the majority of profits, or have a unique, vital and hard-to-replace skill set. If any of these people suddenly die or become disabled it could be devastating to your business.

It has become increasingly common for firms to purchase life or disability insurance on these key individuals. **Key Person Insurance** pays the business to help offset losses that can include decreased revenue, as well as costs for recruiting and training the key person's replacement. Benefits can also fund other business-specific insurance such as buy/sell coverage (shareholder insurance), debt protection and revenue protection.

ACEC member firms enjoy two major advantages of securing this coverage through The ACEC BIT:

- Prospective insureds are not required to undergo a medical exam
- The business is not required to furnish company financial information

Coverage limits range up to \$3,000,000 per person for Key Person Life and \$4,000,000 for Key Person Lump Sum Disability.

The ACEC Business Insurance Trust (BIT) Program urges all firms to obtain **Employment Practices Liability Insurance (EPLI)**. Employee actions alleging employer discrimination and harassment have become more common and dangerously expensive. The U.S. EEOC reports that in fiscal year 2012, the commission collected \$365,000,000 from employers so charged.

We encourage you to consider taking advantage of coverage through The ACEC BIT. This coverage protects against losses resulting from employee actions, successful or not, alleging:

- Sexual harassment
- Discrimination
- Wrongful termination or discipline
- Failure to hire or promote
- Defamation
- Retaliation

For more information on either of these programs, contact Kevin Woolley at the ACEC BIT, 1-800-338-1391



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Important Tax Reform Proposal Introduced; Includes Revenue for Highways President Calls for Four-Year, \$302 Billion Transportation Bill

House Ways and Means Committee Chairman Dave Camp (R-MI) has released a draft comprehensive tax reform bill this week that reduces rates for both businesses and individuals. It eliminates or reduces a number of important tax deductions and other benefits. It also includes new revenues to capitalize the Highway Trust Fund in advance of the reauthorization of MAP-21.

Click here to review a detailed summary of Chairman Camp's bill: <http://www.acec.org/userfiles/file/Ways%20and%20Means%20Section-by-Section%20Summary%20FINAL%202-26-14.pdf>

Under the legislation, the top corporate tax rate would drop from 35 percent to 25 percent, phased in by 2019. The top individual income tax rate would fall to 25 percent (from the current 39.6 percent), ensuring that many pass-through businesses, such as S corporations and partnerships, which pay their business income taxes on the individual tax returns of the firm's owners, would be taxed at the same rate as corporations.

The package, however, includes a 10 percent surtax on individuals with incomes over \$400,000 and on married couples with incomes over \$450,000.

The proposal includes provisions to restore solvency to the Highway Trust Fund, a priority for ACEC. Specifically, the bill would deposit revenues from "repatriated" overseas corporate earnings into the Highway Trust Fund. A special one-time 8.75 percent rate on accumulated overseas earnings and profits would generate \$126.5 billion, sufficient to stabilize current highway and transit funding levels through 2021.

In order to offset the costs of lowering tax rates and ensure that the legislation is revenue-neutral, Camp's bill would eliminate scores of tax preferences. Changes of special interest to engineering firms include: elimination by 2016 of the Section 199 manufacturing deduction (which includes the "9 percent A/E tax deduction"); limiting the use of cash accounting to firms with less than \$10 million in revenues; repeal of the Section 179D energy efficient commercial buildings tax deduction; increase in payroll taxes for S corporation owners; and repeal of the tax exemption for newly-issued private activity bonds. The legislation would also limit the interest deduction on mortgages from the current level of \$1 million to \$500,000 for new mortgages, and repeal certain energy tax preferences, which would affect clients of ACEC Member Firms.

"While it is unlikely that Congress will move ahead with efforts to pass a comprehensive reform bill this year, the proposal released this week will shape future discussions," said ACEC President Dave Raymond. Congress is looking to pass legislation to extend a number of expiring tax provisions and to identify potential sources of revenue to fund infrastructure programs.

The lobbying effort during ACEC's Annual Convention in Washington, D.C., April 27-30, will focus on tax priorities affecting the industry, as well as securing financing to support a multi-year reauthorization of MAP-21. Click here for more information and to register.

At about the same time that Chairman Camp was releasing his proposal, President Obama proposed a four-year, \$302 billion transportation bill to succeed MAP-21. Highway funding would total nearly \$200 billion, an increase of 16 percent, and transit spending would total \$72 billion, up 61 percent above current law. An additional \$19 billion would be allocated to rail improvements.

The Administration reiterated its proposal to use \$126.5 billion in receipts from corporate tax reform to stabilize and supplement the Highway Trust Fund.

Using tax reform as a vehicle for infrastructure investment puts the President on the same page as Ways & Means Committee Chairman Dave Camp.

ACEC continues to strongly support a long-term transportation reauthorization supported by stable and increasing revenue streams. ACEC is urging lawmakers to act before the balance of the Highway Trust Fund is depleted later this year and payments to states are delayed or cut.

Mark Your Calendar

Thursday, April 17, 2014 - ACEC Board and General Membership Meeting, Tulsa

Thursday, April 24, 2014 - ODOT/ACEC OKLAHOMA Partnering Conference, Tulsa

Sunday-Wednesday, April 26-30, 2014 - ACEC Annual Convention, Washington, DC



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President's Report

March, 2014
David Raymond, ACEC President

This week, the White House and House Ways and Means Committee released proposals to reform our tax structure and boost investment in the nation's infrastructure. Translating these proposals into action is the big challenge ahead and will be a priority for ACEC's "citizen lobbyists" at our upcoming Spring Convention in Washington, D.C. Only two months away, our Convention will address politics and the economy as it pertains to our industry. Special guests will include Bill Shuster, Chairman of the House Transportation and Infrastructure Committee, CBS political correspondent Bob Schieffer, former NSA and CIA Director Michael Hayden, U.S. Chamber of Commerce Chief Economist Martin Regalia, and former IRS Commissioner Mark Everson. Click here (<http://www.acec.org/conferences/annual-14/index.cfm>) for registration information.

General

- ACEC MO leaders received proposed ACEC Bylaws revisions to comply with changes in law and association best practices with comments due February 28; final vote at upcoming Board meeting.
- The White House and the Chairman of the House Ways and Means Committee advocated legislation this week that would reform tax laws and raise new revenue to support the reauthorization of MAP-21.
- The State Department, in its final supplemental environmental impact statement (EIS) for the Keystone XL Pipeline project, concluded the pipeline is unlikely to have a significant climate impact, a major step forward towards approval of the project.
- ACEC member firm growth increased 2% since July 1, 2013, from 5,015 to 5,117; employee strength grew 15% from 328,063 to 377,638 over the same period.

Government Advocacy

- ACEC is working with the House Transportation & Infrastructure Committee on P3-related initiatives to include in the reauthorization of MAP-21; Parsons Brinckerhoff's COO Greg Kelly shared industry views on P3s with a working group of the House Committee, including a key point emphasized by ACEC that P3s should be used to supplement, not supplant, core public funding for infrastructure.
- Members of ACEC's Environment and Energy Committee discussed industry priorities for the final version of the Water Resources Development Act (WRDA) with senior House committee staff.
- Senate committee staff briefed ACEC members on draft legislation that will focus on energy grid reliability and affordability, and asked for ACEC's input.
- AASHTO released its 2014 National Compensation Matrix (NCM), which state DOTs use as a guide in evaluating executive compensation in firm overhead..
- ACEC's Federal Agencies and Procurement Advocacy Committee met with senior Corps of Engineers officials to resolve issues of concern, including the need for more timely information from the agency on market opportunities, streamlining the task order process, and problems associated with the transition to a new system of firm evaluations.
- Senior House committee staff briefed ACEC members on the status of ACEC-backed legislation to limit the use of single-step design build.
- ACEC lobbyists briefed and gained input from members of the large firm Design Professionals Coalition (DPC) on key industry priorities – including MAP-21 reauthorization, WRDA, tax reform, SEC municipal advisor rule, and state DOT FAR compliance.



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