

THE FIRST WORD

September, 2017

Governor Fallin To Call Special Session To Begin September 25th (Could Professional Service Tax Be Coming????)

In response to the recent Oklahoma Supreme Court decision in which the \$1.50 increase in the Cigarette Tax was declared unconstitutional, Governor Mary Fallin will call the Oklahoma Legislature back for a Special Session set to begin Monday, September 25th.

In early August, the Supreme Court ruled that the Legislature violated the provisions of the Constitution by not meeting the "super-majority" requirements of State Question 640, thereby negating an increase in the cigarette tax which would have generated some \$215 million in new revenue. The new tax was earmarked for four agencies: The Oklahoma Health Care Authority, the Alcoholic Beverage Laws Enforcement Commission, the Department of Human Services, and the Department of Mental Health. With federal funds tied to state appropriations, it is estimated the agencies will lose some \$500 million unless the Legislature takes corrective action.

Should the Legislature decided to "spread out" the revenue loss rather than come up with a new (constitutional) revenue source, all state agencies could see a cut of around 3% of their current spending authority.

While the Supreme Court ruled the cigarette tax unconstitutional, it did rule in favor of the Legislature on a 1.25% sales tax on new and used motor vehicles. The Court, in a split 5-4 decision ruled that the Legislature did not enact a "new" tax subject to SQ 640, but rather simply repealed an "exemption" from the current sales tax provisions.

For many years, sales of motor vehicles have been exempt from sales tax, and instead subject to a 3.5% Excise Tax. The Court concluded that the removal of the sales tax exemption was not a "revenue raising" measure as outlined in SQ 640 so the Legislature's action did not violate the state's Constitution.

The Court's ruling could have far-reaching consequences on Professional Services which are currently exempt from state sales tax.

Until a couple of weeks ago, it was presumed that for the Legislature to impose sales tax on Professional Services, a "super-majority" would be required to levy the tax on some or all Professional Services, including engineering, land surveying, architecture, accounting, medical, legal, and other services. But, with the Court's ruling on the motor vehicle sales tax question, it would now seem that exemptions on all or some Professional Services can be repealed with a "simple majority" of the Legislature.

ACEC OKLAHOMA and all other trade groups representing those providing Professional Services will now have to be on "high-watch" as Legislature and Governor look for new, reoccurring revenue sources!

It will be a few days before we know the true "scope" of the Special Session as the Governor. But, be assured that ACEC OKLAHOMA will be actively involved in the Special Session protecting the interests of our member firms.

Just To Clear Up Any Confusion/Rumors

At the August 24th Membership Meeting, Chairman Brandon Claborn made special note of a comment in the Annual Meeting Minutes referencing the "Retirement Transition Plan" which the Board has been discussing for several months in preparation for the retirement of Jim Sullins.

Claborn also announced that a target date for Sullins' retirement had been set for **December, 2020**, some 3 years away.

We wanted everyone to have this information, and to stress the **December, 2020** date. Between now and then, much more information will be coming as the Board continues plans for this transition.

Engineering Excellence Awards Entries Now Being Accepted

All members have received the "Call For Entries" for ACEC OKLAHOMA's 2017 Engineering Excellence Awards Competition.

This is a great opportunity for member firms to showcase the great work done by Oklahoma engineering firms as well as to recognize your clients.

Entry information is available at www.acecok.org

Entry deadline is Friday, November 3rd.

President's Monthly Update

September, 2017

David Raymond, President & CEO

As we begin the Labor Day weekend, our thoughts and prayers go out to everyone in southeast Texas and nearby areas devastated by Hurricane Harvey (See *Last Word*, including how to contribute to the relief effort). Last week marked the conclusion of the Council's rigorous annual audit by CliftonLarsonAllen, which gave us a clean bill of health as "one of the best managed associations of the over 8,000 non-profit organizations we serve." I also want to draw your attention to the Council's updated membership video ("The Power of ACEC") on our website which underscores why ACEC is a "must" for any firm in the engineering business. Next month – September – should be highly eventful as Congress seeks to stave off defaulting on the national debt and shutting down the government, not to mention Harvey relief, tax reform and infrastructure spending. Our Fall Conference in Orlando is shaping up to be another record-breaker - and I would remind you that the cut-off for early-bird registration is September 14. Enjoy the long weekend.

General

- ACEC's Florida Member Organization has voted to change its name from FICE to ACEC/Florida, effective January 1, 2018 – the last of the Council's 52 MOs to formally adopt the unified ACEC name.
- Council's updated membership video (nine minutes), accessible on the home page of the ACEC website, should serve as an effective membership recruitment tool.
- Just-released report by the Public Affairs Council shows that ACEC/PAC, with annual receipts over \$1 million, is much larger than the PACs of most associations – even those that are 10 times the size of ACEC.
- To further bolster ACEC's private client-oriented activities, we have brought on board Erin McLaughlin as Director of Commercial and Industrial Markets; she was formerly with Dewberry as regional Business Development Director for private sector and commercial clients.
- Senate confirmed two new commissioners for the Federal Energy Regulatory Commission (FERC), restoring a quorum necessary to approve over \$50 billion in energy project permits.
- Congressmen Dave Reichert (R-WA), Earl Blumenauer (D-OR), and Tom Reed (R-NY) introduced ACEC-backed legislation to reinstate and make permanent the Section 179D energy-efficient commercial buildings tax deduction; additionally ACEC and the American Institute of Architects (AIA) sent a joint letter to Treasury Secretary Steven Mnuchin asking him to stop state and local governments from denying designers this tax deduction.
- Former Congressman Mark Green was confirmed by the Senate as the next USAID Administrator; he received strong ACEC backing.
- Public-private partnership (P3) coalition meeting at ACEC headquarters last week featured discussions with key Senate committee staff.

Government Advocacy

- New White House Executive Order streamlines environmental reviews for major infrastructure projects consistent with recommendations put forward by ACEC earlier this year.
- Senate Environment and Public Works Committee hearing featured testimony from Katherine Probst, author of the ACEC-commissioned report *Superfund 2017: Cleanup Accomplishments and the Challenges Ahead*.
- Environment and Energy Committee summer meeting in Colorado featured Representative Diana DeGette (D-CO) as well as speakers on energy, water supply, hydraulic fracturing, and permitting issues.
- ACEC/PAC hosted fundraising events for U.S. Senator Roger Wicker (R-MS) and U.S. Representatives Jim Banks (R-IN), Susan Brooks (R-IN), Virginia Foxx (R-NC), Dan Lipinski (D-IL), Mark Meadows (R-NC), and Paul Mitchell (R-MI).

