

# THE FIRST WORD

January, 2018

## Congress Passes Sweeping Tax Overhaul; ACEC & ACEC OKLAHOMA Delivers for Member Firms

In the first comprehensive tax reform measure passed by Congress in more than 30 years, ACEC was successful in ensuring that engineering firms of all business structures will have access to lower rates or tax deductions.

The legislation lowers the corporate tax rate from 35 percent to 21 percent and creates a 20 percent tax deduction for passthrough firms, including S corporations, partnerships, and LLCs.

In the original House and Senate bills, engineering passthroughs were limited in their access to the tax deduction. After extensive advocacy by ACEC staff and members, including nearly 6,000 member emails, letters and phone calls to Congressional offices, Congressional leaders agreed to include language in the final version to provide engineering firms with full use of the deduction.

ACEC OKLAHOMA was in close contact with Oklahoma Senator Jim Inhofe's staff throughout these discussions, and at our urging, Senator Inhofe inserted the original language providing the deduction for engineering and architectural firms into the Senate version of the bill.

Both *The New York Times* and *The Wall Street Journal* highlighted engineering firms as winners in the tax bill. Passthroughs in certain other industries, including accountants, doctors, lawyers, and financiers, did not receive full access to the 20 percent tax deduction.

ACEC Chairman Sergio "Satch" Pecori, who heads Hanson Professional Services Inc. in Illinois, told his employees "This is why we are active in ACEC."

In addition to lower tax rates, the legislation preserves ESOPs and other retirement savings mechanisms, as well as private activity bonds and renewable energy incentives.

"As a combination of ESOP and individual owners, we at HNTB thank you!" emailed Harvey Hammond, chairman of HNTB, headquartered in Missouri.

ACEC President/CEO Dave Raymond pointed out that "this is complex legislation, and ACEC went all out to protect our members' interests." He singled out Government Affairs VP Steve Hall and chief tax lobbyist Katharine Mottley for their "key contributions."

## Schultz Appoints New Senate Committee Chairs

Senator President Pro-Tem Mike Schultz announced on December 5th a reshuffling of some Committee Chairs and Vice Chairs for the 2018 Session.

Senator Mark Allen was removed as Chairman of the Senate Transportation Committee and will now Chair the Energy Committee. Senator Darcy Jech, R-Kingfisher, will now chair Transportation.

Also, Senator James Leewright, R-Bristow, will Chair the Business, Commerce & Tourism Committee with Senator Stephanie Bice, R-Oklaoma City, as Vice Chair.

## Welcome New Members!

ACEC OKLAHOMA is excited to welcome two new member firms to the Council

**Glenn Sullivan & Associates**, Norman, lead by Kenneth Sullivan, is a 5 person general Civil Engineering firm providing water and wastewater related services along with solid waste facilities and dam inspection/rehabilitation.

**Standard Testing & Engineering**, Oklahoma City, is a 30 person geotechnical and materials testing firm. Alan Soltani is the firm's owner/principal.

We welcome **Glenn Sullivan & Associates** and **Standard Testing & Engineering** to ACEC OKLAHOMA!!!!

## Ethics Commission Revises Proposed “Cooling Off” Period Rule

As reported in the November edition of “The First Word,” ACEC OKLAHOMA testified before the Oklahoma Ethics Commission concerning a proposed new rule by the Commission which would have imposed a 2-Year “Cooling Off” period restricting former state officers and employees from serving as a Lobbyist or representing another entity before the agency which they had previously served.

ACEC OKLAHOMA express concern that within the rule, the Commission had used the term “consultant” which concerned ACEC OKLAHOMA considering the fact that our profession is commonly referred to as “consulting” engineers. Coupled with the 2-year cooling off period, ACEC OKLAHOMA was concerned that the rule was overly restrictive and that the mere presence of a former state employee at an association meeting at which proposed legislation was discussed could be seen as a violation of the proposed rule.

At the December meeting, the Commission amended the proposed rule, issuing a “working draft” which would only prohibit “elected officials” and “state agency directors” from becoming lobbyist for a two-year period.

Public comment regarding the “working draft” will be heard in January following which the Commission will probably adopt the draft, formalizing it as a Rule that will then be submitted to the Legislature in February.

ACEC OKLAHOMA is pleased that the Commission addressed our concerns, as well as the concerns of many other businesses, associations, and individuals. With the onerous provisions removed, ACEC OKLAHOMA is confident that the new proposed draft rule will have no negative impact on the consulting engineering profession.

### Mark your Calendar

## ACEC OKLAHOMA Board of Directors, General Membership Meeting, and Engineering Excellence Awards Dinner

**Thursday, January 25, 2018  
Oklahoma City**

**Registration Info Coming Soon!**

## State Board of Licensure Proposed Updated Rules

Following statutory changes during the 2017 Legislative Session, the State Board of Licensure for Professional Engineers & Land Surveyors is updating the Board’s Administrative Rules. The updates are available for review on the Board’s website: <https://www.ok.gov/pels/>

The Board will be accepting **written comments until February 1, 2018**. You may either email comments to [khart@pels.ok.gov](mailto:khart@pels.ok.gov) or mail written comments to the Board office at the address listed below.

### **OKPELS**

**ATTN: Kathy Hart**

**220 NE 28th Street, Suite 120**

**Oklahoma City, OK 73105**

ACEC OKLAHOMA members are encouraged to review the proposed rule changes and provide comments to the State Board.

## 2018 Legislative Session Begins February 5th

Even though it seems that the Legislative has been in session all year, the official 2018 Legislative Session will begin on Monday, February 5th.

And yes, the Special Session is ongoing but hasn’t officially met since before the holidays, There are ongoing discussions between the Governor’s office, legislative leaders, and business leaders regarding possible revenue raising/government reforms, but no agreement has been reached.

It’s estimated that some 2,300 bills will be introduced this coming session. Bill requests have been filed by House and Senate members with the legislative bill-drafting staff, but the actual filing deadline is still a couple of weeks away. So, it will be after that deadline when we know exactly how many bills there are and what they address.

As with the past few session, the Budget will dominate the session. The last estimates we’ve seen indicate that the Legislature will be facing a \$600 Million (+/-) budget deficit when they return to Oklahoma City.

That’s not as bad as the past couple of years where the deficit was over \$1 Billion each year, but it’s still a deficit that must be made up by CUTS from somewhere.

Either that, OR, an increase in revenues, i.e., tax increases. And, we all remember how that idea went during both the Regular and Special Sessions.

Plus, it’s an election year, which dramatically reduces the probability of any tax increases in 2018.

Whatever happens, ACEC OKLAHOMA will be there and watching out and protecting for your interests.

## ACEC Business Insurance Trust Appoints Greyling Insurance Brokerage as Trust Administrator

Effective January 1, 2018, Greyling Insurance Brokerage & Risk Consulting—a division of EPIC—replaced Marsh as the broker and program administrator for the ACEC Business Insurance Trust (ACEC BIT) Program.

Founded in 2005, Greyling is a specialty insurance broker and risk consultant dedicated to serving the design and construction industries. Greyling has experienced veterans of the insurance industry, design industry and legal profession which results in taking a multi-focal view of risk to develop risk management and insurance solutions for firms of all sizes. This includes access not only to the ACEC BIT's customized Business Insurance Program that economically fits the needs of most member firms, but also access to the most sophisticated insurance markets in the world for large ACEC member firms with complex risk exposures.

The ACEC BIT program provides access to insurance products and risk management services specifically designed by engineers for engineers. Unique benefits include: Deductible assistance program; royalty sharing; coalition program dues; and royalty sharing for ACEC/National and State Organizations.

This is only a change in administrators! **The Hartford** will continue to be the underwriter for the ACEC Business Insurance Trust program.

### **IMPORTANT INFORMATION FOR FIRMS CURRENTLY WITH THE ACEC BUSINESS INSURANCE TRUST**

All firms who currently have their insurance through the ACEC BIT Program and serviced by Marsh will need to **transfer their policies over to Greyling**, the new program administrator. This will be done through a very simple process of signing a broker of record letter which will be provided by Greyling.

Failure to transfer the policies over to Greyling will result in the following:

- **Loss of ACEC special coverages**
- **Loss of ACEC BIT benefits including deductible assistance and royalty payment to policyholders**
- **Potential increase in premiums due to no longer participating in the ACEC BIT group program**
- **Loss of non-dues revenue to National and State Member Organizations – This will have a significant impact on the non-dues revenue the ACEC BIT pays to our MO**

#### **Here is what you need to do:**

- **Greyling will contact you with instructions on how to transfer your policy from Marsh to Greyling.**

**Again, if you choose to stay in the ACEC Business Insurance Trust Program you must transfer your policies over to Greyling, the new program administrator for the ACEC BIT.**

If your firm is not currently participating in the ACEC Business Insurance Program, we strongly recommend that you contact the Trust to review your current coverages and learn what the ACEC Business Insurance Program can do for your firm. Many ACEC OKLAHOMA members already participate and realize cost savings that have a tremendous impact on your bottom line.

To see what the ACEC Business Insurance Trust can do for you, contact:

Jeff Connelly, Program Manager  
ACEC Business Insurance Trust  
Greyling Insurance Brokerage, a division of EPIC  
3780 Mansell Road, Ste 370  
Atlanta, GA 30022  
833-223-2248  
Email: [Jeff.connelly@greyling.com](mailto:Jeff.connelly@greyling.com)  
Website: [www.acecbit.org](http://www.acecbit.org)

# President's Monthly Update

## January, 2018

### David Raymond, President & CEO

Happy New Year! As you know, 2017 ended with a major win for our Member firms in the newly enacted tax law – ensuring that C Corps will benefit from significantly lower tax rates, and passthrough firms, which comprise the majority of our membership, are eligible for a new 20% deduction. We protected cash accounting, ESOPs, energy credits and other items of importance. All this was made possible by your thousands of emails, letters and phone calls to Members of Congress in response to our Action Alerts, and timely meetings with Congressional Committee members and staff. The entire effort was immeasurably aided by our record \$1 million-plus ACEC/PAC fundraising year. Looking forward in 2018, we'll work closely with you beginning with our next major agenda item coming up early in the year – infrastructure funding, including highways, airports, water and energy.

#### General

- Growing confidence in the overall business environment and profitability of our firms pushed the ACEC *Engineering Business Index* (EBI) up another 1.6 points to 65.9 (anything over 50 is considered evidence of an expanding market environment).
- ACEC/PAC ended the year with a record \$1,064,000 raised and a record 42 states having met their 2017 fundraising goals.
- Don't forget: deadline for submissions for the 2018 EEA is this Friday, January 6; the awards will be presented at the EEA Gala celebration on Tuesday, April 24 in Washington, D.C. as part of the Annual Convention; comedian and screen actor Kevin Nealon will again serve as host.
- ACEC/Florida received a Minuteman Fund grant to help defray the cost of an amicus brief defending contract terms that protect design professionals from consequential damages liability.
- ACEC/Minnesota received a Minuteman Fund grant to support its efforts to fight an unfair and overbroad state agency procurement policy regarding conflicts of interest.

#### Business Resources

- There's still time to register for *Mysteries of the FAR Revealed: Using the AASHTO Audit Guide: Courses One and Two*, January 15-18, 2018, in Orlando, FL, which will equip firms with the information they need to develop an accurate indirect cost rate in accordance with FAR Part 31 and the AASHTO Audit Guide.
- Coalitions' best sellers for December included CAMEE's *Quality Assurance / Quality Control Guidelines* and CASE's *Project Management Training Curriculum*.
- January online programs will feature: *How the New Tax Reform Law Will Impact the Engineering Industry – What You Need to Know*; *Sexual Harassment Prevention in the A/E Workplace: Understanding the Law; and Establishing and Improving Policies, Procedures and Effective Training*; *The 4 Drivers to Sales Performance You Need to Know...and Grow*; *Taking Stock of the Engineering Industry in 2018 - The Economic and Market Trends Shaping the Industry*; *2018 Engineering Market Outlook*; *The Results Are In - Major Causes of Claims & Best Practices to Avoid Them*; *Working Effectively on Multidisciplinary Projects as a Civil Engineer*; *Recruiting Tips and Techniques*; *Are You Ready to Comply with the New DFARS Cyber Rule?*; *Managing Multiple Projects*; *Use Your Engineering Talents to Grow Your Business Network and Attract New Opportunities*; *Case Studies in Envision and Sustainable Infrastructure*; *Equipment Leasing Considerations and Strategies*.
- Secured balanced reforms in year-end tax law that reduces tax rates for engineering firm C corporations from 35% to 21%, provides passthrough firms with access to a new 20% tax deduction, while also protecting cash accounting and existing retirement and employee ownership mechanisms (such as ESOPs).
- Engaged with coalition allies to wage a successful campaign to protect the tax preferred treatment of Private Activity Bonds (PABs) in final tax bill.
- Helped to secure the confirmation of Emily Murphy to lead the General Services Administration (GSA).
- ACEC's Superfund Working Group met with the EPA Superfund Task Force to discuss a performance-based contracting approach to improve the allocation of risk at clean-up sites.
- ACEC members met with the Veterans Administration to advocate for the use of QBS on task orders and other smaller projects.