

ACEC Achieving Success Against S Corporation Tax Increase in Senate

ACEC and its coalition and Senate allies have been successful in recent weeks in turning back a proposed tax increase that would have affected many A/E firms organized as S corporations.

The tax provision was included in the American Jobs and Closing Tax Loopholes Act of 2010 (HR 4213), which the Senate has dropped from consideration after three failed attempts at passage.

The increase would have applied payroll taxes to S corporation distributions in cases where (1) an S corporation is engaged in a professional services business where 80 percent or more of the gross income of the business is attributable to the service of three or fewer shareholders, or (2) a professional services S corporation is a partner in a partnership.

While these provisions would have affected smaller firms, ACEC had earlier eliminated broader language that applied to large, as well as small, S corporations. Council President Dave Raymond emphasized the importance of the Council's continuing vigilance on this matter, as the tax provision could re-emerge in future legislation.

"If it does, we'll nip it in the bud," he said.

National ACEC/PAC – Your Best Investment in Your Business

Q: Why is it important to support ACEC/PAC?

A: All of us in the engineering industry need to be involved in the business of politics, and ACEC/PAC is the industry's preeminent vehicle for political engagement. Federal issues like infrastructure funding, PLAs, eliminating mandatory retainage on federal contracts, and liability protection legislation all have a real and immediate impact on your business and the future success of our industry. If we don't work together to help to elect policymakers who understand the business and legislative concerns of engineering firms, who will? You can bet our political adversaries have active political action committees looking out for their federal interests.

Q: Why can't ACEC or member firms contribute directly to federal candidates?

A: The Federal Election Campaign Act prohibits corporations or trade associations from using general treasury funds to contribute to federal elections. Individuals may contribute to federal candidates, and organizations may set up political action committees (PACs) to harness the collective giving of an entire industry or group. Only personal funds can be contributed to elect candidates at the federal level.

Q: How is ACEC/PAC money spent?

A: ACEC/PAC is bipartisan. We support those candidates whose positions and decisions have the greatest impact on ACEC members. Contributions to candidates are

based on the following criteria:

- The candidate's position on specific issues affecting the engineering industry;
- A candidate's committee assignments and leadership positions;
- A candidate's voting record;
- The opinions of ACEC/PAC contributors and ACEC leadership back in the state.

Q: How will I know what happens to my contribution?

A: Just ask. ACEC/PAC operates in the open and believes in full disclosure. Contributions received by and disbursements made by ACEC/PAC are regulated by federal law and open to the public. ACEC files monthly reports with the Federal Elections Commission. You may access these reports at www.fec.gov. ACEC/PAC also publishes an Annual Report detailing receipts and disbursements for the calendar year and distributes it to all ACEC/PAC contributors.

Q: What are the solicitation goals of ACEC/PAC?

A: Our goal is to be a stronger voice for engineering interests in national political arena. That's why our objective is to raise \$1 million per year for ACEC/PAC, which can be done if each state meets their annual State PAC Goal.

Q: How do I contribute or learn more about ACEC/PAC?

A: For more info, go to the ACEC/PAC website at <http://www.acec.org/advocacy/committees/pac.cfm> or contact Elizabeth Coit, Director, ACEC/PAC, ecoit@acec.org, phone (202) 347-7474. Oregon's ACEC/PAC Champion is **Jack Beemer** of **David Evans and Associates** in Bend.

Thank you, 2010 National ACEC/PAC donors!

Supporting political programs like ACEC/PAC is the best thing we can do to make sure engineering firms have a voice at the table when key decisions are made affecting our future.

A big *Thank You* to the following individuals who have contributed to the national ACEC PAC in 2010. Donations received May 1 through July 9, 2010 are from:

- **Jeff Bernardo** OBEC Consulting Engineers
- **Steve Bryant** Professional Service Industries, Inc. (PSI)
- **Bob Carson** Mason, Bruce & Girard, Inc.
- **Gayle Harley** OBEC Consulting Engineers
- **Mel Sears** Parsons Brinckerhoff

We are nearly halfway to our goal and need *your* help to reach it! We achieved our goals for 2008 and 2009—now let's make it three in a row!

To see if your firm has given approval for the current year, go to http://www.acec.org/advocacy/committees/pdf/pac_prior_approvals.pdf. If it has, you can then go to the ACEC PAC online contribution center: http://www.acec.org/pacmembers/av_login.cfm.

If you have questions about ACEC/PAC, please contact our PAC Champion **Jack Beemer** at jdb@deainc.com or phone (541) 389-7614.

ACEC: What it Means for You & Your Business

ACEC's Legislative Success = Results for Your Bottom Line

- Nine percent tax deduction for A/E firms. Laws and regulatory initiatives to require FAR compliance by state DOTs that prohibit arbitrary overhead caps, require recognition of single audit, expand QBS.
- Fair Labor Standards Act reforms to ease compliance and protect firms from lawsuits.
- Fully funding SAFETEA LU to avoid cuts to state transportation programs.
- New student loan benefit to encourage more young people to pursue engineering careers.
- Legislation to increase contracting out; defeated all major anti-contractor measures.
- Water Resources Development Act (WRDA), authorizing \$24 billion in new water projects.

Opportunities for 2010...

- Secure passage of new six-year transportation program that significantly boosts funding.
- Secure passage of major water and aviation infrastructure funding bills that expand QBS.
- Promote investment in new energy infrastructure, incentives for energy-efficient buildings, and other initiatives to create business opportunities in the energy sector.
- Pass ACEC legislation to protect the ability of engineering firms to use cash accounting.
- Secure passage of ACEC's Good Samaritan legislation and other measures to protect firms from unfair and costly litigation.

- Fully fund and expand new engineering student loan program; secure more H-1B visas.

Looming Challenges – Why Your Active Involvement is Critical Now

- Defeat resurgent union efforts to curtail contracting out by federal and state agencies.
- Repeal the onerous 3% withholding mandate that will impact all federal and state contracts.
- Protect firms from new mandates and higher costs resulting from the health care reform effort.
- Fight potentially harmful new regulatory efforts, unionization legislation, tax increases, and other initiatives detrimental to the A/E industry.

The Bottom Line

- ACEC is the engineering industry's voice in Washington, focusing on the passage of new legislation and regulatory initiatives that enhance the business environment for your firm.
- ACEC has one of the largest political programs in Washington built around ACEC/PAC, which supports House and Senate members who support the business interests of America's engineering industry.
- ACEC's Minuteman Fund supports critical legal and legislative efforts in the states.
- ACEC uses its legislative and political resources for one purpose — to enhance your bottom line.

President's Monthly Update: Government Affairs

- Headed off a major proposed tax increase on Subchapter S engineering firms in the American Jobs and Closing Tax Loopholes Act of 2010.
- Supported liability protection legislation introduced by Reps. Dave Reichert (R-WA) and Jim Matheson (D-UT) for engineering, architectural and construction firms that volunteer in the aftermath of terrorist attacks or natural disasters.
- Testified at a House Highways & Transit Subcommittee hearing on the benefits of "context sensitive solutions" in transportation planning – i.e., taking into consideration the natural and built environments affected by transportation systems.
- Criticized lack of Administration leadership in funding new 6-year transportation authorization and providing necessary capacity expansion — in comments submitted to DOT on its draft Five-Year Strategic Plan.
- Awarded Minuteman Fund grants to: ACEC/Illinois to support an appeal against an adverse court decision on the scope of a design professional's duty; and ACEC/Colorado to help fight against radical ballot initiatives that would seriously undercut the state's ability to fund infrastructure.

Ready to Contribute to the ACEC/PAC? Here's how...

There are two ways to contribute to the ACEC/PAC:

Use the **ACEC/PAC donation form - 2010** found here:

http://www.acecoregon.org/documents/2010_ACEC_PAC_donation_form_fillable.pdf

Or, contribute by purchasing **Fall Conference 2010 ACEC/PAC Sweepstakes Drawing** raffle tickets found here:

http://www.acecoregon.org/documents/Fall_Conference_2010_Sweepstakes.pdf.

As of July 15, about 270 of the 500 tickets have already been sold, so don't delay for your chance to win one of four prizes—the Grand Prize being \$10,000 cash!