



DAVID A. RAYMOND  
PRESIDENT & CEO

November 16, 2016

President-Elect Donald J. Trump  
Transition Headquarters  
General Services Administration Headquarters Building  
1800 F Street, NW  
Washington, DC 20240

Dear President-Elect Trump:

On behalf of the oldest and largest business association of the nation's engineering industry, with more than 5,000 firms and 600,000 employees – I want to heartily congratulate you on your election as the nation's 45<sup>th</sup> President!

We are eager to support your agenda to invest in the nation's critical infrastructure, reform our tax code, and reduce unnecessary regulatory burdens. Our members are knowledgeable in these areas, as they are directly engaged in construction projects that propel America's economy and enhance its quality of life.

We are pleased to provide your Transition Team with a summary of our recommendations, as outlined below.

- **Rebuilding America's Infrastructure:** As you have said many times, among America's most critical needs is the repair and modernization of its infrastructure. Because infrastructure investment has consistently generated broad, bipartisan support in Congress, this challenge represents a promising opportunity for the new Administration in 2017.

Both private and public investment will be required. Our members have played important roles in the development and management of public-private partnerships (P3s) to leverage private finance for major infrastructure projects. We have supported government programs such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) which could be expanded to generate more P3 projects nationwide. We also support tax-exempt tools such as Private Activity Bonds (PABs) for both transportation and water projects to unlock private investment for infrastructure projects.

While private financing is an important component of a successful infrastructure effort, the need for additional public funding for core programs is also vital. In particular, we urge you to take needed steps to ensure the long-term solvency of the Highway Trust Fund. The gas tax – which provides the main funding for the Trust Fund and hasn't been increased in 20 years – needs to be on the table for consideration along with phase-in of a

Vehicle-Miles-Traveled program (VMT) which raises funds from vehicle users regardless of energy source. Since 2008, Congress has resorted to a series of transfers from the General Fund totaling \$140 billion in order to prevent cuts to state transportation programs. As you know, in order to properly plan and execute projects, state transportation agencies need long-term, reliable funding mechanisms backed by dedicated revenues.

We also support a similar emphasis on addressing the nation's water infrastructure needs, both through innovative private financing mechanisms such as the Water Infrastructure Finance and Innovation Act (WIFIA) loan program, and increases in the State Revolving Fund (SRF) programs.

- **Tax Reform:** Our member firms represent a cross section of the American economy in terms of their tax structures as corporations and pass through entities. Those of our firms that are corporations are today subject to a 35 percent tax rate, the highest among industrialized nations. Many more of our firms are paying even higher rates – as pass through entities – including S corporations, partnerships, and sole proprietorships – which pay their taxes on the returns of the firm's owners and are subject to a top tax rate that can exceed 39.6 percent. ACEC supports a balanced and comprehensive approach to tax reform that lowers rates and achieves rate parity for all businesses.

We also support the retention of tax provisions that promote economic growth and competitiveness, including the R&D tax credit to promote innovative design solutions; the Section 199 domestic production activities deduction to help U.S. firms compete globally; the preservation of the cash method of accounting; and provisions to promote employee ownership, including employee stock ownership plans (ESOPs).

- **Energy:** ACEC supports a robust “all of the above” energy agenda to make full use of our abundant energy resources, including traditional oil, gas and nuclear sources as well as wind, solar and other renewables. We support moving forward on major energy infrastructure projects, such as the Keystone XL and Dakota Access pipelines.

We favor streamlining regulations to create reasonable and predictable permitting processes. Our private sector can be expected to make hundreds of billions of dollars in energy investments across a wide range of exploration, generation, and distribution sectors – but only if regulatory processes are streamlined.

- **Regulatory Reform:** We have been deeply concerned over the adverse impact of a number of recent regulatory initiatives affecting our industry. These should be repealed or significantly modified.

Recent Department of Labor examples: The so-called “blacklisting” rule is so ill-conceived that it requires firms to report alleged and unproven violations of federal labor rules; moreover, the rule is duplicative of mechanisms already in place to ensure compliance with federal rules. The recently finalized “sick time” rule mandates requirements on firms that will limit their flexibility in designing benefits packages to

meet both market conditions and the needs of their employees. And the recent increase in the salary threshold under the Fair Labor Standards Act from \$23,660 to \$47,476 seems unjustifiably high; we would recommend a more reasonable approach consistent with inflation, as well as assistance to smaller firms by phasing in any increase over a longer period.

We believe these legislative and regulatory recommendations would go far in restoring the nation's economic competitiveness. We are eager to work with your Administration and are at your disposal to assist in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Raymond". The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Raymond  
President & CEO