

H.R. 1: THE TAX CUTS AND JOBS ACT

ABC applauds Congress and the White House for delivering the first comprehensive tax reform in more than 30 years in 2017. For too long, ABC's 21,000-plus members have paid the highest effective tax rate of any sector of the economy.

Simpler and Fairer Tax Code

The Tax Cuts and Jobs Act (H.R. 1) provides a simpler and fairer tax code, leading to more economic freedom and global competitiveness. The vast majority of construction companies will benefit from the new 20 percent deduction for qualified pass-through income. Along with the largest corporate rate cut in U.S. history to 21 percent, the doubling of the estate tax exemption, reductions to individual tax rates, the repeal of the corporate alternative minimum tax and expansion of small business accounting methods, the tax reform bill will ease burdens on the construction industry, family-owned businesses and hardworking Americans.

SUPPORT: Permanent enactment of the Tax Cuts and Jobs Act's expiring provisions, including the qualified business income deduction under Section 199A, 100 percent bonus depreciation, the current individual rate schedule and increased estate tax exemption levels.

ABC Members Feel Positive Effects

The Tax Cuts and Jobs Act will unlock the full potential of ABC's more than 21,000 members to invest in their businesses, create new jobs in their communities, and grow the economy.

ABC members are already feeling the positive effects of tax reform, both directly to their bottom lines, and more broadly as a growing economy drives new construction. As a result, 55 percent of ABC contractor members say they plan to hire more employees, and 52 percent plan to invest in workforce development, according to a recent poll. In addition, 90 percent of member companies say their employees have seen an increase in their paychecks.

REPEAL THE PRIOR APPROVAL FORM

Federal Election Commission (FEC) regulations require corporate-member trade association political action committees (PACs) to obtain "prior approval" from member corporations before soliciting eligible employees for support. This requirement also prevents member corporations from approving solicitations by more than one trade association per year.

The requirement discriminates against these trade associations PACs, as corporate, labor union and individual membership association PACs are not subject to the prior approval requirement.

CO-SPONSOR: H.R. 2101, the Prior Approval Reform Act, introduced by Representative Mark Amodei (R-Nev.). This legislation would repeal the prior approval requirement and ensure that members companies are able to exercise their constitutional rights to join in support of or opposition to candidates.

SUPPORT: The House of Representatives previously passed language in the 2017 and 2018 appropriations bills to defund the enforcement of prior approval, and ABC would like to preserve this language in the 2019 appropriations bill.

One Powerful Message



FAIR AND OPEN COMPETITION

The truth about plas.com

WORKFORCE DEVELOPMENT

workforce.abc.org

ABC believes that in order to create the conditions for innovation and free enterprise, we must promote open competition, efficiency, fairness and equality in government contracting. Mandating project labor agreements (PLAs) needlessly limits the pool of experienced and qualified bidders able to deliver the best possible product to taxpayers at the best possible price.

Government-mandated PLAs discourage merit shop contractors from bidding on taxpayer-funded construction contracts and drive up costs between 12 percent and 18 percent, which results in fewer infrastructure improvements and reduced construction industry job creation.

A PLA is a project-specific collective bargaining agreement with multiple unions that is unique to the construction industry. The National Labor Relations Act permits construction employers to execute a PLA voluntarily, but when a PLA is mandated by a government agency, construction contracts can be awarded only to contractors and subcontractors that agree to the terms and conditions of the PLA.

Typically, PLAs force contractors and subcontractors to agree to recognize unions as the representatives of employees on that job; use union hiring halls to obtain most or all craft workers; obtain apprentices exclusively through union apprenticeship programs; follow inefficient union work rules; and pay into union benefit and multi-employer pension plans even if companies have their own plans. In addition, PLAs typically force construction workers to pay union dues and/or join a union if they want to receive union benefits and work on a PLA project.

In February 2009, President Obama issued Executive Order (EO) 13502, which strongly encourages federal agencies, on a case-by-case basis, to require PLAs on federal construction projects exceeding \$25 million in total value.

It also rescinded President George W. Bush's policy, EOs 13202 and 13208, which maintained government neutrality in federal contracting by restricting PLA mandates on federal or federally assisted contracts.

PRIORITY: ABC urges President Trump to rescind EO 13502 and replace it with a new order identical to EOs 13202 and 13208.

Government-mandated PLAs unfairly discourage competition from quality nonunion contractors and their employees, who comprise 86 percent of the U.S. private construction workforce, according to U.S. Bureau of Labor Statistics data.

House and Senate

COSPONSOR: The Fair and Open Competition Act (FOCA) (H.R. 1552/S. 622), introduced by Rep. Dennis Ross (R-Fla.) and Sen. Jeff Flake (R-Ariz.), which would stop the government from mandating PLAs on federal and federally assisted projects, optimize construction spending and taxpayer value and reward safe performance.

H.R. 1552/S. 622 will not prevent a contractor from voluntarily entering into a PLA—it only prevents the government from mandating the use of a PLA as a condition of winning the contract.

SUPPORT: To deliver the highest quality projects at the best cost to taxpayers, any infrastructure proposal should be free from government-mandated PLAs on federal and federally assisted projects, allowing all qualified contractors and Americans to fairly compete to build and work on these taxpayer-funded jobs.

In 2018, ABC and its 70 chapters will spend \$1.1 billion on education and learning, using industry-recognized and government-registered apprenticeships to build a safe, skilled and productive workforce. ABC uses innovative and flexible learning models that are essential to filling the approximately 500,000 open construction jobs today.

The Tax Cuts and Jobs Act is driving strong economic growth, and if we add an infrastructure package of \$1 trillion into the equation, there could be more than one million skilled construction jobs waiting to be filled.

Policymakers must commit to supporting an all-of-the-above strategy for workforce development. Apprenticeships, both market-driven and government-defined, should have equal access to incentives such as tax breaks, tuition assistance, scale wages and increased access to career and technical education programs.

The construction industry is not a rigid career pathway. Rather it provides limitless opportunities for students, veterans and people re-entering the workforce or changing careers to reach their full potential. Once they decide on a career in construction, workers can participate in multi-skill programs, where they can learn more than one skill to give themselves a competitive advantage in the marketplace.

Educating the Skilled Workers of Tomorrow

- ABC chapters and affiliated education centers offer more than 800 apprenticeship, craft, safety and management programs.
- ABC chapters and affiliated education centers offer more than 300 registered apprenticeship programs approved by the U.S. Department of Labor and/or state governments.
- ABC contractor members educate approximately 476,000 construction industry professionals annually:
 - \$750 million to educate approximately 280,000 craft professionals
 - \$198 million to educate approximately 98,000 field managers/supervisors

- \$116 million to educate approximately 56,000 mid-level managers
- \$109 million to educate approximately 42,000 senior managers

In partnership with NCCER, a not-for-profit 501(c)(3) education foundation, ABC chapters offer programs at more than 1,400 locations across America. NCCER's curricula are recognized globally as the gold standard for industry-recognized education modules.

To bring more Americans into skilled construction careers and help companies find the workers they desperately need, the public and private sectors need to educate the construction professionals of the future using innovative and flexible apprenticeship models to build a safe, skilled and productive workforce.

House

THANK: Representatives for supporting the Strengthening Career and Technical Education for the 21st Century Act (H.R. 2353), introduced by Rep. Glenn Thompson (R-Pa.), which would better align career and technical education programs with industry demand. The bill passed the House of Representatives unanimously in June 2017.

SUPPORT: The PROSPER Act (H.R. 4508), introduced by Rep. Virginia Foxx (R-N.C.), which reforms the Higher Education Act to create limitless career paths for students by opening federal tuition assistance (like Pell Grants) to more condensed, industry-recognized education programs and by promoting all forms of learning.

Senate

SUPPORT: Reauthorization of the Perkins Career and Technical Education Act that modernizes funding levels and ensures students are learning in-demand skills through the House passed bill (H.R. 2353), or similar legislation.

OPPOSE: Any policies that favor narrow and burdensome government-defined apprenticeships rather than supporting an all-of-the-above approach that encourages any apprenticeship in which workers can earn a wage while learning a skill.