



Actionline

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House, Obama Propose Cuts to SRF Programs

The new House Republican majority came to Washington pledging that all federal programs were on the chopping block. Unfortunately, the Clean Water and Drinking Water State Revolving Fund (SRF) programs were not excluded. Meanwhile, ACPPA has been working with our allies both on and off the Hill to promote water infrastructure investments.

The Budget Proposals

On Feb. 19, the House approved a continuing resolution (CR) to fund government operations through the end of the fiscal year just days after President Obama released his proposed budget for fiscal year 2012. The federal government has been operating under a series of extensions since the end of the last fiscal year (Sept. 30, 2010). The CR contained over \$60 billion in spending reductions, slashing \$1.41 billion from the Clean Water SRF and \$557 million from Drinking Water SRF from 2010 levels. In fiscal year 2010, the Clean Water SRF and the Drink Water SRF received \$2.1 billion and \$1.387 billion, respectively.

President Obama's budget was kinder to the SRF programs, but the administration still proposed cuts to water infrastructure investment. For fiscal year 2012, Obama requested \$1.55 billion for the Clean Water SRF and \$990 million for the Drinking Water SRF, nearly half the size of the reductions accepted by House Republicans.

Efforts to slash the SRF programs demonstrate the challenges facing ACPPA and our industry partners in advocating for the federal government to provide substantial and sustained investments in our nation's water infrastructure. With lawmakers focused on reducing the size of government and the deficit, all projects that compete for general fund revenue, such as the SRF programs, are an easy target - despite the demonstrated national needs for water infrastructure investment.

Don't Neglect Water Infrastructure!

Nonetheless, ACPPA has redoubled our efforts at the beginning of the 112th Congress to urge to Congress to refrain from cutting and sustain investment in water infrastructure programs. Last month, [ACPPA President Rick Lawhun sent a letter to all members of the House and Senate](#) urging them to make water infrastructure investment a top priority. In the letter, Lawhun pledged to work with lawmakers to "to invest in our nation's water infrastructure to create jobs, grow the economy, protect the environment, and improve the quality of life for all Americans."

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On Feb. 18, the [Clean Water Council](#) (CWC), of which ACPPA is a leading member, [delivered a letter](#) to the House Budget Committee strongly objecting to proposed cuts to water infrastructure financing programs "because of the critical health-threatening and pervasive decaying water infrastructure across the country." The letter also reminded lawmakers of the recent CWC study showing that every \$1 billion invested in water and wastewater infrastructure creates up to 27,000 new, well-paying jobs, increases national output (i.e., demand for products and services in all industries) by \$2.87 to \$3.46 billion, produces more than \$1 billion in personal (spending) income, and generates approximately \$82.4 million in state and local tax revenue.

In addition to the noise generated by industry groups for water infrastructure financing, lawmakers are urging their colleagues to make it a priority. In the House, Rep. Henry Waxman (D-CA), ranking member of the House Energy & Commerce Committee, and Rep. Al Green (D-TX), ranking member of the Environment & the Economy Subcommittee, [sent a letter](#) to the committee's chairman, Rep. Fred Upton (R-MI), urging that he continue the bipartisan efforts made last year to advance legislation reauthorizing the Drinking Water SRF program.

Meanwhile in the Senate, Water & Wildlife Subcommittee Chairman Ben Cardin (D-MD) has been vocal in urging both his colleagues and the White House to support water infrastructure investments. [In a letter to Obama](#), Cardin wrote that, "that the water infrastructure in this country is in dire straits and is in desperate need of new attention and greater investment."

The debate over the future of our drinking water and wastewater systems is just getting underway in Congress. It is essential that your representative and senators hear from you on the importance of water infrastructure investments. Simply [click here](#) to send a quick note using ACPPA-action.org to your lawmakers encouraging Congress to support responsible investments in water and wastewater projects.

Highway Debate Heating Up

The debate over a new, multiyear highway bill is heating up in our nation's capital. As President Barack Obama proposed a six-year \$556 billion plan to invest in our nation's transportation networks, House Transportation & Infrastructure Chairman John Mica (R-FL) commenced a series of listening sessions and field hearings across the country to discuss transportation investment.

The President's Budget

With legislation to reauthorize the federal highway program languishing in Congress as lawmakers struggle to figure out how to pay the bill, Obama [proposed an ambitious surface transportation package in his FY 2012 budget plan](#). The \$556 billion dollar plan is nearly double the \$285 billion package authorized in SAFETEA-LU, the last highway bill, which expired in Sept. 2009.

The administration's proposal includes an immediate \$50 billion cash infusion to create jobs, and over a six-year period \$30 billion for a national infrastructure bank and \$53 billion to expand high-speed rail.

Conspicuously absent from the president's budget are any kind of funding mechanisms. Increasing user fees, the most viable option for providing guaranteed, long-term funding for surface transportation, have

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been dismissed as a non-starter by the president. Instead, Obama's proposal leaves the hard part - determining a financing mechanism - to an already divided Congress.

Curiously, President Obama has proposed eliminating the Highway Trust Fund (HTF). The president calls for the creation of a Transportation Trust Fund with four accounts – one for highways, one for transit, one for high-speed passenger rail, and one for a national infrastructure bank. This move raises additional funding questions, as the HTF already faces serious budget shortfalls just in providing road funding. Eliminating the dedicated user fees that have supported the HTF removes the program's transparency, one of the more positive aspects of the federal highway program.

In sum, the president's transportation budget document is long on rhetoric and, in some respects, appears divorced from the new political realities in Washington. For example, despite broad public support for smaller government, Obama has proposed spending increases without making tough choices about how to pay for them. Additionally, despite the fact that many Republicans oppose high speed rail, the administration made it the centerpiece of its transportation program.

Congressional Action

Meanwhile in Congress, efforts to draft a new long-term highway bill are slowly moving ahead. This pace forced the House T&I Committee to approve yet another SAFETEA-LU extension until Sept. 30.

Chairman Mica has stated that it is his intention to introduce multi-year surface transportation legislation after completion of the Federal Aviation Administration reauthorization (the T&I Committee completed its work on the House version of the bill Feb. 16). While there is no word yet on the exact details of a Mica authored bill, it is a safe bet that it will be significantly smaller than the administration's proposal and will include an emphasis on stretching dollars further, cutting red tape, and private-public partnerships.

In the Senate, word on the Hill is that Environment & Public Works Committee Chairman Barbara Boxer hopes to have a surface transportation bill through committee by Memorial Day. Two hearings have been held highlighting the importance of infrastructure investments, but legislation has yet to be introduced.

While nearly everyone in Washington agrees that substantial investments in surface transportation are needed to ensure our long-term economic competitiveness, there is little agreement as to how to come up with the necessary funding. The most viable option, increased user-fees, have been dismissed out of hand by the administration and the congressional leadership of both parties.

With that said, keep in mind that these are just the first salvos in a long battle. The highway reauthorization story will continue to develop in the weeks ahead, as the House and Senate hold additional hearings and roll out their own proposals.

ACPPA Releases Special Congressional Directory

In an effort to make it easier for our members to engage with their elected officials, the association has compiled a comprehensive directory of all congressional members representing ACPPA member facilities.

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The directory lists federal elected officials organized by ACPPA member and facility site. The listing includes the names and contact information for key congressional staff of interest to ACPPA members.

To view the directory visit [here](#).

Three Percent Government Contractor Withholding Tax Repeal Bills Introduced

ACPPA and our industry partners are redoubling efforts to repeal the burdensome the three percent government contractor withholding tax as the law's effective date nears.

The tax, created by Sec. 511 of the 2006 Tax Increase Prevention Reconciliation Act, requires that, beginning in 2012, federal, state and local governmental entities whose annual expenditures exceed \$100 million withhold three percent of all payments made to any individual or company that has provided goods or services to the government. This amount is then sent to the Internal Revenue Service and credited against a government contractors' future tax liability. The law effectively forces contractors to make interest free loans to the federal government. In some cases, the amount will exceed a business' profit margin.

A bipartisan House measure ([H.R. 674](#)) and a Republican Senate proposal ([S. 89](#)) would simply repeal Section 511. An alternative bipartisan measure in the Senate ([S. 164](#)) would repeal the three percent tax but offset the cost of scrapping the law using unobligated stimulus funds. ACPPA supports any of these proposals as a reasonable means to repeal the impending tax.

ACPPA believes the levy will hurt the cash flow of small companies and individuals doing business with the government, drive up contract administration costs, and have little positive impact on the federal budget. As an active member of the [Government Withholding Relief Coalition](#) (GWRC), the association has been working with more than 100 other organizations encouraging repeal of this burdensome law.

[Click here](#) to view the GWRC letter ACPPA joined to Oversight & Government Reform Chairman Rep. Darrell Issa (R-CA) urging the elimination of the tax.

Be sure to visit www.ACPPA-Action.org to send a note to your lawmakers urging their support for repeal of the tax.

1099 Repeal Approved by the Senate, Gaining Ground in the House

The Senate this month approved, 81-17, an amendment that would repeal the Internal Revenue Service (IRS) 1099 reporting mandate in the 2010 health care law (the Patient Protection and Affordable Care Act or PPACA). Attached to the Federal Aviation Administration reauthorization bill ([S. 223](#)), the amendment is offset by rescinding unspent and unobligated federal funds.

ACPPA commends the Senate's action. The association has been working with a broad coalition to repeal the onerous requirement that would require companies to report every transaction with an outside vendor totaling more than \$600 on an IRS Form 1099 beginning in 2012.

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Meanwhile in the House, the Ways & Means committee approved, 21-15, a measure ([H.R. 705](#)) that would repeal the law and offset its costs by reducing improper overpayments of insurance exchange subsidies established under the PPACA.

The House's actions led Nebraska Sen. Mike Johanns (R), to introduce an identical measure to the House bill in the Senate ([S. 359](#)). Johanns' move was intended as a way to speed the process to passage along, rather than having the legislation become bogged down in a conference committee to work out the differences.

While there is bipartisan support in both chambers for repeal of the 1099 reporting requirements, our work is not over. We will continue to urge the House and Senate to resolve the matter as soon as possible, as businesses are already preparing to implement procedures to comply with the mandate.

Stay tuned for future updates on these efforts.

President Obama Nominates Craig Becker to Labor Board (Again!)

President Obama has re-nominated Craig Becker, the controversial former union lawyer, to serve on the National Labor Relations Board (NLRB).

The president's reappointment of Becker is another effort from the administration to implement big labor's priorities by circumventing the will of Congress. Last year, the Senate rejected Becker's nomination, only to have Obama seat him on the NLRB through a recess appointment that will expire at the end of 2011.

It is highly unlikely that Becker, who was rejected when the president's own party held an even more commanding Senate majority than at present, will be confirmed. Since his recess appointment to the board, Becker has done nothing to demonstrate an objective disposition that might earn him a more favorable outcome in the Senate.

ACPPA will continue to monitor this and other attempts by the administration to aid their union allies. Stay tuned for future information on Becker's appointment.

Court Limits Army Corps Clean Water Act Jurisdiction

In a decision that could have a substantial impact on the construction industry, the Fourth Circuit Court of Appeals has limited the ability of the Army Corps of Engineers to use the Clean Water Act (CWA) to halt development.

In [Precon Development v. Corps](#), the court held that the Corps must demonstrate that the development of a wetlands area (not immediately connected to navigable water) would significantly impact the integrity of the waterway when determining if it has jurisdiction under the CWA.

The court's decision increases the burden on the Corps when proving it has jurisdiction over a wetlands area, providing some relief to developers attempting to overcome numerous environmental obstacles.

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United States and Canada Announce Regulatory Cooperation

On Feb. 4, President Barack Obama and Prime Minister Stephen Harper [announced](#) the creation of a United States-Canada Regulatory Cooperation Council (RCC). Composed of senior regulatory, trade, and foreign affairs officials from both governments, the RCC has a two-year mandate to promote regulatory transparency and coordination to encourage economic growth and job creation.

The two national leaders are heralding the council as a crucial effort to encourage collaboration as both countries recover from the global recession. In addition to jointly confronting the challenges of improving productivity and keeping a competitive edge, the leaders hope that regulatory cooperation will spur economic growth by lowering costs for consumers, producers, and small businesses.