

September 30, 2014 – VOLUME 11, ISSUE 9

Defining ACPPA's Tax Reform Priorities

Mark Your Calendar for ACPPA's 2014 Annual Meeting

ACPPA's Annual Meeting will be held at the Gaylord Grapevine, just north of DFW Airport, on Nov. 13 and 14. The Association has a block of rooms set aside for attendees. The easiest way to make your reservation is to book online at:

<https://resweb.passkey.com/go/ACPPANov2014>.

You may also call the reservations desk at 877.491.5138 to book a room over the phone (be sure to mention "American Concrete Pressure Pipe Association" in order to receive the group rate, which is \$199 plus \$18 resort fee and taxes for standard rooms.) The cutoff date for the group rate is Thursday, Oct. 23.

Look for more information about the meeting from ACPPA President Richard Mueller in your email inbox in the weeks ahead.

During the 113th Congress, both the House Ways and Means and Senate Finance Committees unveiled broad tax reform proposals. While political factors prevented Congress from acting on tax reform legislation in 2014, there is still considerable pent up demand – both on Capitol Hill and in the business community - to reform the tax code to encourage economic growth, reduce complexity and restore predictability by permanently addressing the scores of tax provisions that expire on an annual basis.

Tax policy is likely to be a top congressional priority for the foreseeable future. The tax debate presents both risks and opportunities for concrete pressure pipe manufacturers. With the foregoing in mind, ACPPA's board of directors will consider a policy statement on tax reform at the association's annual meeting this fall. ACPPA is considering pursuing the following tax priorities to promote economic growth, infrastructure investment and a more favorable tax environment for manufacturers:

Reducing top corporate tax rate to 25 percent. The top corporate tax rate in the United States is 35 percent, the highest in the industrialized world. Consequently, U.S. companies are at a competitive disadvantage versus foreign competitors. Congress should reduce the top corporate rate to 25 percent or lower to encourage investment in the United

States, promote domestic economic growth and level the playing field for U.S. companies.

New funding and financing for long-term infrastructure investment. Drinking water systems, sewers, and other forms of infrastructure are critical to public health and safety, as well as to economic growth. In recent years, federal infrastructure programs have faced unprecedented challenges. Congress has cut

Actionline

September 30, 2014

Page 2 of 9

funding for the state revolving loan funds (SRFs) that support drinking water and sewer system construction. Additionally, Congress has been forced to transfer general fund money to shore up the Highway Trust Fund (HTF) because user fee revenues are inadequate to support current investment levels. Tax reform presents an opportunity to address the nation's infrastructure crisis by eliminating the cap on private activity bonds to spur more private investment and creating new user fee revenues to provide a stable source of funding for critical federal infrastructure programs (e.g., the HTF and proposed Clean Water Trust Fund). ACPPA urges Congress to use tax reform as a legislative vehicle to address the nation's infrastructure needs. We also urge Congress to reject changes to "tax favored bonds" proposed by the House Ways and Means Committee that would make it more difficult to attract new capital for infrastructure projects.

Promoting capital investment. To grow, create jobs, and become more efficient, manufacturers must constantly invest in new facilities and equipment. Congress should create a more favorable environment for business investment to ensure the long-term economic health of the U.S. manufacturing sector. However, during the 113th Congress, the both the House Ways and Means and Senate Finance Committee have unveiled proposals that would undermine capital investment by extending cost recovery periods for new capital purchases. This would negatively impact cash flow for manufacturers, limit the resources available for companies to grow and hire and make it more difficult to invest in newer, more efficient, more environmentally-friendly technology. The committees have also proposed other tax code changes – e.g., repealing like-kind exchange – that would make it harder to improve productive capacity. We urge Congress to reject these proposals and pursue tax legislation that encourages capital investment, not punish it. We also encourage Congress to at least temporarily reinstate bonus depreciation to encourage further investment in the manufacturing and construction sectors as the economy continues to recover from the Great Recession.

Encouraging manufacturing research and development. Constant innovation is critical to success in manufacturing and to America's continued global economic hegemony. Congress should encourage manufacturers to constantly improve their current products and develop new ones by making the research and development (R&D) tax credit permanent and increasing the alternative simplified credit to 20 percent. Congress should also reject proposals to narrow the scope of the credit (e.g., by disallowing the credit for software and raw materials used in R&D).

Encouraging domestic production. The domestic manufacturing deduction (DMD) helps offset some of the negative impact of the high corporate tax rates faced by U.S. manufacturers. The House Ways and Means Committee has proposed eliminating the DMD. Doing so would result in a higher effective tax rate for domestic manufacturers, which could affect decisions about where ACPPA members locate new facilities. It could also affect the decisions of suppliers to the concrete pressure pipe industry about where to open new plants. ACPPA urges Congress to maintain the DMD.

Actionline

September 30, 2014

Page 3 of 9

Improving international tax rules. Current tax laws regarding multinational corporations owned or operating in the U.S. are hopelessly out of date and result in considerable economic distortions, including reducing capital available for investment in the U.S. and complex strategies to mitigate tax liability. As part of any comprehensive tax reform, Congress should update international tax rules to improve the tax environment both for U.S. companies operating internationally and for U.S. subsidiaries of foreign companies.

Allowing current year advertising-cost expensing. Advertising promotes competition in a free market economy and is a basic way for manufacturers to communicate with customers about product innovations. The House Ways and Means Committee has proposed changing the tax treatment of advertising costs by reducing from 100 percent to 50 percent the portion of advertising costs a business may expense in the year incurred and requiring the remaining 50 percent to be amortized over 10 years. ACPPA urges Congress to reject this proposal, which would impact manufacture cash flow and make it more difficult for pipe manufacturers to raise awareness about their products.

Maintaining deductibility of local lobbying expenses. Local governments are a primary purchaser of concrete pressure pipe. Consequently, ACPPA members engage frequently with local officials to educate them about the benefits of concrete pressure pipe and encourage its use. The House Ways and Means Committee has proposed changing the tax treatment of local lobbying expenses, which would no longer be deductible as ordinary and necessary business expenses. ACPPA urges Congress to reject this proposal, which would make it more expensive for manufacturers to seek positive local legislative outcomes on infrastructure and other issues.

Please share your feedback about the foregoing proposed tax priorities with ACPPA President Richard Mueller (rmueller@acppa.org) and ACPPA Counsel Christian Klein (caklein@potomac-law.com).

TransCanada Considers Rail Options as KXL Drama Reaches Six Years

On Sept. 19, American industry quietly marked the sixth anniversary of TransCanada's initial permit application for the Keystone XL pipeline.

Since the initial project application in 2008, the administration has let politics trump policy and kept the project stuck in idle. Industry groups have long called on the administration to make the obvious choice and green light the pipeline.



Click the envelope to join ACPPA in telling Congress to step in and move KXL forward.

<http://acppa-action.channeldemocracy.com/>

Approval of Keystone XL would create 42,000 jobs and generate \$2 billion in wages during construction. Upon completion, estimates indicate the pipeline would deliver 830,000 barrels of oil into American refineries every day. After intensive analysis, the State Department determined that the environmental impact would be minimal. Proponents contend the pipeline offers a safe, practical way to bring more Canadian oil to U.S. refineries, while improving U.S. energy and economic security.

The CEO of TransCanada, Rus Girling, began his observance of the milestone early, noting on Sept. 16 that the company would seek other options if the project was not approved soon. Without Keystone XL, the company would instead consider building rail terminals in Alberta and Oklahoma to support the transport of oil from the world's third largest reserve to refineries in the United States.

Help the concrete pressure pipe industry save the United States from its own indecision. Tell the White House to approve Keystone XL. The presidential switchboard accepts comments from the public at 202-456-1111.

House Votes to Prevent New Waters of the US Definition

Click on the logo for more from EPA on its proposal to expand the definition of "waters of the United States."



On Sept. 9, the House approved legislation to block the Environmental Protection Agency (EPA) and the Army Corps of Engineers (the Corps) from implementing a rule that dramatically broadens the scope of the Clean Water Act (CWA). The [Waters of the United States Regulatory Overreach Protection Act of 2014](#) passed with bipartisan support, 262-152.

The bill, introduced by Rep. Steve Southerland (R-Fla.), was in direct response to a notice of proposed rulemaking (NPRM) that alters the definition of "waters of the United States" for protection under the CWA. The NPRM is so expansive that it could potentially place every ditch, retaining pond and seasonal stream within the ambit of the EPA's regulatory authority.

Such an unprecedented extension of the agency's jurisdiction will have a severe impact on businesses by increasing costs, causing delays and possibly deterring many projects altogether. The CWA's permitting process can take years to navigate and hundreds of thousands of dollars. New permitting requirements and regulatory compliance costs will be added to already stringent state and local water laws. Moreover, the expansive reach of the proposed rule will have the effect of making many areas of the country "off limits" to development because of the expense associated with obtaining new permits or installing the required mitigation measures on newly regulated "waters of United States."

A broad swath of industry stakeholders representing agriculture, construction, housing, manufacturing, and energy sectors are concerned the proposal would allow more federal intervention in local land use decisions, increase the regulatory burden on businesses, raise the cost of development without a proven benefit to the environment and give EPA unprecedented jurisdiction over private property.

The White House has threatened to veto the bill, asserting the administration's "waters of the U.S." definition will ensure clean drinking water for future generations and curtail regulatory uncertainty. Senate action on the legislation is unlikely this year.

New Report Shows Status Quo on Infrastructure Hampers Competitiveness

A [new study](#) commissioned by the National Association of Manufacturers (NAM) and conducted by Inforum at the University of Maryland offers a view into the economic benefits the U.S. economy would reap with a more concerted effort to address the nation's infrastructure needs. In total, the study finds that a targeted and long-term increase in public infrastructure investments from all public and private sources over the next 15 years will:

- Increase jobs by almost 1.3 million at the onset of an initial boost;
- Grow real GDP 1.3 percent by 2020 and 2.9 percent by 2030;
- Create a progressively more productive economy, which, due to cumulative effects through time, will benefit from a \$3 return on investment for every \$1 invested in infrastructure by 2030; and
- Provide Americans an increase in take-home pay after taxes—a \$1,300 net gain per household by 2020 and \$4,400 per household by 2030 (measured in 2009 dollars).

The report also reveals a decade of troubling trends in infrastructure formation, such as a 3.5 percent drop per year in the volume of highway, road and bridge investments as well as further sharp decreases in mass transit, aviation and water transportation infrastructure investment. Last year, the NAM sounded the alarm on this troubling trend by partnering with Building America's Future to [survey manufacturers](#) about their perspectives on the state of infrastructure in the United States. Some 70 percent responded that American infrastructure is in fair or poor shape and needs a great deal or quite a bit of improvement.

"The United States is stuck in a decade-long period of decline that will eventually harm job creation, future productivity and our ability to compete head-to-head with companies all over the globe," said NAM President and CEO Jay Timmons. "As we sit idle, our competitors are churning out investments in their infrastructure. As this study demonstrates, substantial economic benefits result from a targeted and long-term increase in public infrastructure investments from public and private sources. Manufacturers call on Congress to consider this sobering data as it acts to fulfill its well-established responsibility of facilitating commerce in the United States. We need legislation passed to help fund transportation and infrastructure."

"This research helps confirm what engineers and executives both know: The quality and quantity of current U.S. infrastructure is deficient, and these deficiencies are already hampering economic growth," said University of Maryland Professor and Inforum Executive Director Jeffrey Werling. "We know that well-planned infrastructure investments can provide high, long-term returns to investment, and they can also boost jobs and growth in the short term. It is time to cut through the political smoke and mirrors to make a commitment to stronger and smarter infrastructure investment."

For more information on the study, visit www.nam.org/infrastructure.

Pressure Pipe Post

ACPPA's Monthly Source for Industry News

September 2014

To keep members aware of the activities of government and standards organizations, we regularly sweep public databases and publications for the industry-specific terms indicated below. We then provide our members with links to documents identified in the search. Please note that in some cases the URLs may link to subscription-only databases. The purpose of this service is to identify emerging threats and trends as well as opportunities for collective action by ACPPA.

Search Terms:

Pressure Pipe
Concrete Pressure Pipe

Cement
Fly Ash

Silica Fume

NEWS RESULTS

Pressure Pipe

Searching No More for an Aqua Cure

9/17/2014 http://trenchlessinternational.com/news/searching_no_more_for_an_aqua_cure/088970/

A growing demand for custom CIPP pressure sewer and non-potable water applications has resulted in the launch of a new and innovative technology in the US.

Heidelberg Cement's Hanson Building Products files for IPO

9/16/2014 <http://www.globalcement.com/news/item/2876-heidelbergcement-s-hanson-building-products-files-for-ipo>

Hanson Building Products Ltd, which is owned by HeidelbergCement AG, filed with US regulators for an initial public offering of ordinary shares. BofA Merrill Lynch, BNP Paribas and Deutsche Bank Securities are underwriting the IPO, Hanson told the US Securities and Exchange Commission in a preliminary prospectus on 15 September 2014..

Business Briefs: Mexican Chemical Co. Buys Dura-Line for \$650 Million

8/29/2014 http://www.indiawest.com/news/business/business-briefs-mexican-chemical-co-buys-dura-line-for-million/article_738ad674-2fab-11e4-8660-0019bb2963f4.html

Knoxville, Tenn.-based Dura-Line, a manufacturer and distributor of communication and energy infrastructure products and systems, including conduit, cable-in-conduit, pipe and accessories, is being acquired for \$630 million by Mexico-based chemical company Mexichem, S.A.B. de C.V. Dura-Line is a portfolio company of CHS Capital, a Chicago-based private equity firm.

Actionline

September 30, 2014

Page 7 of 9

Worldpoly Releases New High Pressure Pipe Butt Welding Machines

8/26/2014 <http://www.ferret.com.au/c/worldpoly-australia/worldpoly-releases-new-high-pressure-pipe-butt-welding-machines-n2516987#KivPvMvtBlmIMwOv.99>

Worldpoly Australia presents the PolyForce630 Series 2, an Australian-made high pressure welding machine designed to meet the requirements of PE pipe fusion clients. Delivering exceptional welding capacity, the Australian engineered and manufactured Worldpoly's PolyForce630 Series 2 is reputed for its rugged construction, superior quality control, automated operational consistency, local serviceability through the use of Bosch Rexroth hydraulics and controls, and significant reductions in welding times.

Cement

Study Says Poorly-Constructed Natural Gas Wells to Blame for Water Pollution

9/16/2014 <http://www.forexminute.com/fracking/study-says-poorly-constructed-natural-gas-wells-blame-water-pollution-44685>

Natural gas that is polluting some aquifers isn't caused by hydraulic fracturing, but rather by poor well preparation, a research paper showed. Poorly engineered and cemented natural gas wells, not fracking, has resulted in contaminants leaking into groundwater supplies and hence polluting them, according to the study that was published in the Proceedings of the Natural Academy of Sciences.

Fracking Report Cites Bad Wells for Tainted Water

9/15/2014 <http://online.wsj.com/articles/fracking-report-cites-bad-wells-for-tainted-water-1410820465>

Natural gas is contaminating some aquifers not from hydraulic fracturing but from faulty well preparation, according to a new paper. Poorly built and cemented gas wells, rather than fracking itself, have allowed contaminants to flow into shallow drinking-water sources, according to a report published in the Proceedings of the Natural Academy of Sciences

Column: A Refresher Course on How Pipes Work

9/6/2014 <http://stillwatergazette.com/2014/09/06/column-a-refresher-course-on-how-pipes-work/>

We have a very simple display at our office that I sometimes bring along with me to community events. It has a short length of plastic pipe screwed onto a backboard with a cartoon sketch of a street near a river and the words, "Your street connects to lakes and rivers."

Judge Rules BP was Grossly Negligent in Oil Spill

9/4/2014 <http://www.houstonchronicle.com/business/energy/article/Judge-rules-BP-was-grossly-negligent-in-oil-spill-5734990.php>

Dangerous shortcuts, some made in pursuit of profit, put BP's Macondo well in peril shortly before a blowout that set off the worst oil spill in U.S. history, a federal judge concluded in a landmark defeat for the British oil giant.

Actionline

September 30, 2014

Page 8 of 9

Jindal Tubular USA pledges to Continue \$6M Expansion at Hancock Co. Pipe Manufacturer

9/2/2014 <http://www.greenfieldreporter.com/view/story/e7a121faecce40f5abeab2b57aa0b999/MS--Pipe-Plant-Sale>

The \$6 million expansion of the former PSL North America plant in Port Bienville Industrial Park in Bay St. Louis will move forward under the new ownership of Jindal Tubular USA.

Fly Ash

Turning Toxic Waste into Batteries

9/21/2014 <http://www.engineering.com/ElectronicsDesign/ElectronicsDesignArticles/ArticleID/8536/Turning-Toxic-Waste-into-Batteries.aspx>

The vanadium flow battery is a promising technology for energy storage at the grid and microgrid levels, but like any other storage device, it has flaws. Low power density, expensive materials, and instability at high temperatures have kept flow batteries on the fringe of the energy storage market. Over the past two years, Imergy Power Systems has made breakthroughs that could bring this technology into the mainstream.

Suit vs. NSP Plant Settled

9/17/2014 <http://www.capebretonpost.com/News/Local/2014-09-17/article-3872052/Suit-vs.-NSP-plant-settled/1>

A settlement has been reached between 350 people living in or near Trenton and Nova Scotia Power's generating plant.

Coal Ash Issue Raises Doubts about Future of Duke Plant

9/16/2014 <http://www.wbir.com/story/news/2014/09/16/coal-ash-issue-raises-doubts-about-future-of-duke-plant/15734799/>

North Carolina's new regulations for disposing of coal ash leave Duke Energy with two options at its Lake Julian plant – make fundamental and costly changes or stop burning coal altogether.

(Blog) Stigma is Bogus. The Industry Data Say So

9/11/2014 http://switchboard.nrdc.org/blogs/sslesinger/stigma_is_bogus_the_industry_data_say_so_2.html

It's been several years now since the Environmental Protection Agency proposed managing coal combustion residuals (CCR, aka coal ash) under the Resource Conservation and Recovery Act (RCRA). While coal ash waste itself can be quite dangerous when it is disposed, there are many safe uses of it when it is properly recycled.

In a New Light

9/11/2014 http://www.constructionweekonline.in/article-8325-in_a_new_light/

Although the concept of green buildings has been around for nearly a decade now, it's only recently that real estate and commercial developers are evincing an interest. Those familiar with the Confederation of Indian Industry (CII)-Green Business Centre building in Hyderabad and its novelty might know and understand the type of structures and their difference from any other building.

Report Alleges Link Between Fly Ash, Health Problems at SCI-Fayette

9/5/2014 <http://www.observer-reporter.com/apps/pbcs.dll/article?AID=/20140905/NEWS01/140909723#.VCIchPldWSo>

A yearlong investigation into health problems reported by 75 inmates at the State Correctional Institution in Fayette County revealed a “disturbing pattern” of illnesses, according to two advocacy groups.

REGULATORY RESULTS

Cement

Small Business Administration | Proposed Rule | Small Business Size Standards for Manufacturing

9/10/2014 <http://www.gpo.gov/fdsys/pkg/FR-2014-09-10/pdf/2014-20837.pdf>

The U.S. Small Business Administration (SBA) proposes to increase small business size standards for 209 industries in North American Industry Classification System (NAICS) Sector 31–33, Manufacturing.

LEGISLATIVE RESULTS

Concrete

H.R. 5474 | Roger Williams (R-Texas) | Concrete Pump Tax Fairness Act of 2014

9/15/2014 <https://beta.congress.gov/bill/113th-congress/house-bill/5474/titles?q=%7B%22search%22%3A%5B%22%5C%22concrete%5C%22%22%5D%7D>

To amend the Internal Revenue Code of 1986 to impose a mileage-based user fee for mobile mounted concrete boom pumps in lieu of the tax on taxable fuels, and for other purposes.