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ACPPA Board Adopts Tax Policy Priorities

On Nov. 13, the ACPPA Board of Direction formally adopted tax policy priorities to promote economic growth, infrastructure investment, and a more favorable tax environment for concrete pressure pipe manufacturers.

With Congress poised to consider tax reform legislation over the next two years and recognition that there will be winners and losers, ACPPA’s volunteer leadership decided it was necessary to ensure the industry’s collective voice was heard.

The tax priorities focus on policies to encourage economic growth, reduce complexity, and restore predictability to the tax code. The following are ACPPA’s federal tax policy focuses:

**Reduce 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 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.

**Promote 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 – for example, 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.

Encourage 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).

Encourage 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.

Improve 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.

Allow 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.

Maintain 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. The association will deliver the above priorities to Congress at the beginning of next year.

**What do the Election Results Really Mean?**

An energized Republican base and low turnout among traditional Democratic constituencies propelled the GOP to big wins on Election Day. The dust is still settling and a few races are still too close to call, but here are some initial impressions from Christian Klein, ACPPA legal counsel, about what the election results really mean for industry:

- Next year Republicans will have their biggest House majority in half a century. At least 18 of the new members of Congress are Main Street Republicans who hold less extreme views about the role of government than their tea party colleagues at the other wing of the GOP conference. Those new members will give House Speaker John Boehner (R-Ohio) a more comfortable margin to pass important legislation and make it harder for the tea party to hold the House leadership hostage.
- The GOP’s new Senate majority means Republicans control the agenda and committee chairmanships, but won’t be able to prevent Democratic Leader Mitch McConnell (R-Ky.) has promised a much more moderate predecessor and should be a breath of fresh air. But McConnell may find it tough to corral tea party senators and given his slim majority will likely have to reach across the aisle and work with moderate Democrats on some legislation.
- Ironically, this year’s election outcomes will strengthen the Democratic Party’s liberal wings in the House and Senate. Several moderate Democrats with good voting records on business issues were defeated; others read the writing on the wall early and decided to retire. Eight of the 19 members of the House Blue Dog Democrat Coalition won’t be returning to Congress next year, leaving the once influential group on life support.
- The last Congress was the least productive in U.S. history and punted a number of issues to next year. With presidential elections on the horizon, the GOP has a short window in which to act in a number of key policy areas, including fixing the federal highway program and improving the tax code. Last year’s government shutdown undermined confidence in the GOP’s ability to govern. Now it is up to the party’s leaders on Capitol Hill to show they can.
- Sen. Jim Inhofe (R-Okla.) will be the next Senate Environment and Public Works (EPW) chairman. Inhofe formerly held the EPW gavel and has strong conservative credentials, a good working relationship with the committee’s top Democrat and experience shepherding a highway bill to enactment. That should allow him to hit the ground running both to build support for a Highway Trust Fund revenue fix and to pass new multi-year road, bridge and transit legislation.
- New leadership on the tax committees on both sides of Capitol Hill means the tax reform debate is on hold in the short-term. But both Rep. Paul Ryan (R-Wis.) and Orrin Hatch (R-Utah),

*Mitch McConnell (R-Ky.) will transition into his new role as Senate Majority Leader when the 114th Congress comes to session next January. Click on the image to visit his site.*
respectively the presumptive incoming chairmen of the House Ways and Means and Senate Finance Committees, have considerable depth on tax and budget issues, which means the process could get underway quickly as soon as new committee staff is in place.

- The Obama administration’s regulatory excesses were a major focal point for GOP candidates on the stump. We are certain to see more aggressive executive branch oversight by House and Senate committees and legislative efforts to stop the implementation of some controversial new regulations, particularly through the appropriations process.
- The GOP has the votes to repeal Obamacare in the House, but not enough to stop a filibuster in the Senate or override a veto of a repeal bill in the unlikely event it gets to the president’s desk. Obamacare repeal is inconceivable, but some major changes to the law are almost certain.
- The 2014 elections will pay dividends for the GOP for years to come because of big wins in gubernatorial and state legislative contests. Winning governorships gives Republicans more control of the chess board during the 2016 presidential election. The GOP also now controls a record number of state legislative seats, which serve as an important training ground for the next generation of national leaders.
- The turnover on Capitol Hill means there are many new lawmakers who know little or nothing about how industry is affected by issues like highway, bridge, and water funding, capital investment incentives, energy development and a host of other issues.

Look for more from ACPPA about what the elections mean for your company, your industry and the nation, as well as information regarding the new Congress in upcoming issues of Actionline.

**ACPPA to EPA: Sink “Waters of the U.S.” Proposal**

On Nov. 13, ACPPA joined 375 industry organizations from 50 states to protest an administration proposal that alters the definition of "waters of the United States" for protection under the Clean Water Act. The notice of proposed rulemaking (NPRM) is so expansive that it could potentially place every ditch, retaining pond and seasonal stream within the ambit of the federal government’s regulatory authority, dramatically expanding the Environmental Protection Agency’s (EPA) jurisdiction, hindering growth, and preventing economic development.

In June, ACPPA submitted its own comments highlighting the agency’s failure to assess the economic impact that the proposed regulation will have on small businesses and to follow Supreme Court precedent, as required by the Regulatory Flexibility Act.

Getting Congress to reign in the EPA is a main item on the agenda of the association.

**Senate Clogs Pipeline – More Work Ahead**

On Nov. 14, the House easily passed a bill to approve the Keystone XL pipeline. The Senate took up identical legislation on Nov. 18, but supporters fell one vote short of sending the measure to the White House.
The pipeline’s fate is a key issue in the December runoff election for the Louisiana Senate seat currently held by Democrat Mary Landrieu. Both Landrieu and challenger Rep. Bill Cassidy have campaigned on their support for the project’s approval. As a result, Congress, which returned for its lame-duck session on Nov. 12, put Keystone at the forefront of its agenda.

ACPPA joined 22 other organizations representing American construction workers, contractors and suppliers that strongly supported lawmakers’ efforts to approve the pipeline. The association continues to encourage Congress to put a bill on the president’s desk and Senate Republicans have already vowed to revive the effort when they return in January.

ACPPA strongly supports the Keystone project, which will serve important energy and national security needs while creating thousands of jobs. To urge your lawmakers to do everything in their power to ensure the pipeline is approved, click here.

Three States’ Voters Ensure Long-term Local Transportation Investment

Residents in four key states weighed in on important local transportation ballot initiatives on Election Day. With the uncertainty surrounding the federal highway program, states are seeking to identify long-term solutions to invest in transportation infrastructure. The results are mixed, but nevertheless important, to gauge how the nation is coping with national uncertainty.

Here’s how the ballot initiatives fared:

Massachusetts
Last year, the Massachusetts legislature enacted legislation to adjust the state gas tax every year to match the growth in the consumer price index for the use of transportation projects. Residents voted to eliminate the provision by a margin of 53 percent to 47 percent, dealing a blow to Bay State infrastructure advocates hoping to ensure a steady stream of increased investment for years to come.

Wisconsin
Voters in Wisconsin agreed overwhelmingly to a state constitutional amendment creating a “lock box” for transportation funds (meaning the dollars cannot be spent on anything but transportation needs). Revenue from the gas tax and vehicle registration fees will be directly allocated to transportation-related projects.

Maryland
Similar to Wisconsin, Maryland voters established a firewall around infrastructure funding. Marylanders prohibited revenue transfers from the state’s Transportation Trust Fund, unless a fiscal emergency has been declared in the state and both houses of the General Assembly have approved the transfer with a three-fifths vote.
Texas

Texans currently have a “rainy day” fund supported by revenue generated from gas and oil drilling taxes and fees. On Nov. 4, Texas voters approved a state constitutional amendment to divert half of these funds for the next 10 years to a State Highway Fund. The monies will be used exclusively for highway construction, repair and maintenance. Interestingly, the measure explicitly prohibits toll road funding (a long-time point of contention among Texans).

ACPPA is encouraged that voters in three of the aforementioned states made long-term commitments to transportation infrastructure investment. Although it won’t fix the national problem, it’s a start. ACPPA and its allies will keep pressure on national lawmakers to consider a long-term fix before the year is out. To urge Congress to solve the HTF’s funding crisis immediately, visit acppa-action.org, the concrete pressure pipe industry’s grassroots action center.

EPA Sends Coal Ash Regulation to White House for Final Approval

On Oct. 28, the Environmental Protection Agency (EPA) delivered its long-pending proposal to regulate coal ash to the Office of Management and Budget (OMB) for final approval.

Since 2010, when EPA initially proposed regulating coal ash, ACPPA and its industry allies have been steadfast in urging the agency to carefully consider the potential impact on the construction sector (fly ash is used as a component in concrete). EPA’s final proposal isn’t public, but past plans would have classified coal ash as a “hazardous material,” imposing significant compliance costs on manufacturers, power generators and consumers of electricity.

In 2013, the House passed bipartisan legislation introduced by Rep. David McKinley (R-W.Va.) encouraging the recovery and beneficial use of coal combustion residuals. Most of the Republican caucus was joined by 39 Democrats supporting the bill. The Coal Residuals Reuse and Management Act (H.R. 2218) would give states the authority to set their own standards for the disposal of coal ash with EPA oversight. Unfortunately, the Senate hasn’t considered the legislation. However, many analysts believe the bipartisan political pressure from Capitol Hill will force EPA to significantly moderate its final rule. There is no timeline for OMB’s approval and final publication.

Stay tuned to Actionline for further updates when the final rule is publicized.
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  Cement  Silica Fume
Concrete Pressure Pipe  Fly Ash

NEWS RESULTS

Pressure Pipe

Baruwa Pollution: Plight Of A Community Facing Extinction
Some of the major reasons why infrastructure is put in place is to promote socio-economic development, create jobs and enhance capacity of the people. However, in the case of Baruwa community, a suburb of Lagos, petroleum pipelines in the community which transport petroleum products from major product reception facilities such as Atlas Cove in Apapa through Mosimi, to other parts of the country, is now more of a curse than a blessing.

Approximately 24,000 Gallons of Sanitary Sewage Overflows Near Pumping Station in Richland
A sanitary sewer overflow spilled about 24,000 gallons of wastewater Tuesday night near the Gull Lake Sewer & Water Authority's main pumping station in Richland, officials said Wednesday.

US DOC Issues new AD Duty to Sumitomo in Pipe Case Review
The US Department of Commerce announced the final results of its administrative review of the antidumping order on large diameter (over 4.5 inches in diameter) carbon and alloy seamless standard, line, and pressure pipe from Japan.
Cement

Trenchless Technologies Used for Unusual Rehab Project
Public Service Electric & Gas (PSE&G) in New Jersey had a problem on its hands, specifically a leaking 6-in. gas main. PSE&G distribution technology manager George Ragula has seen his share of complicated and unusual rehab projects over the years but the one in Moorestown, N.J., was unique even by his standards. Rehabbing a leaking gas main — how difficult could that be? This project necessitated a thinking-outside-the-box approach, resulting in a blending of trenchless technologies to get the job done.

Capturing the Spirit of Entrepreneurial Adventure
How do we create a more entrepreneurial economy? This is a question that bedevils our more enlightened educators and policymakers, and it should keep business owners awake at night, too. A more entrepreneurial Canada means more startups, more innovation, more suppliers, and more successful, confident customers. Entrepreneurship turns dreamers into doers and pessimists into cautious risk-takers.

Risong Polypipe Introduces Multilayer HDPE Pipes and Fittings for Healthy, Economical & Stable Piping Systems in Buildings
China based Risong Polypipe Manufacturer Co., Ltd specializes in Multilayer HDPE Pipes and Fittings to be used in the piping systems of buildings.

Several Water Mains Break
Residents of North Platte might have noticed ice on roads or barricaded holes in some city streets. But don’t worry. It’s normal for winter — and temporary. City administrator Jim Hawks said the city plans ahead for water main breaks and the cost for repairs is factored into water rates.

How Did Concrete Mysteriously Turn up in Seattle Sewer Pipe?
Managers at a construction site just 30 feet from a Seattle sewer pipe that is mysteriously blocked by 80 feet of concrete say it’s possible their subcontractor is at fault, but that several things just don’t add up.
Timeline: History behind Halliburton, Baker Hughes
Halliburton and Baker Hughes, the two oil field services giants that announced they could become one company in the near future, each have long histories tied to the beginnings of the oil industry in Texas and Oklahoma. Both were founded by famous oil men who helped Houston become the energy capital it is today. And both have experienced the boom and bust periods of oil’s turbulent history.

Water Company Replacing 80-Year-Old Water Lines
West Virginia American Water spokeswoman Laura Jordan stood on a mound of dirt overlooking a massive trench, where construction crews struggled to fit a 20-inch pipe joint on a water line in the town of Belle. “Altogether, it will be a 14-mile project,” she said from beneath her hardhat, as a large cement mixer disgorged concrete into the trench.

Putin Plan for Second China Gas Pipe Will Depend on Price
Russia’s plan to build a second gas pipeline to China would cement President Vladimir Putin’s policy of tilting energy exports toward Asia. Fulfilling his goal will probably come at a price.

Appeals Court Stands by Ruling Holding BP, Anadarko Liable for Oil Spill Penalties
A panel of federal appeals court judges in New Orleans has refused to reconsider a ruling that BP and Andarko Petroleum Corp. must pay federal fines related to the 2010 Gulf of Mexico oil disaster.

Town Council Doles out $159,000
He got in such a habit of saying "OK, we’re gonna spend some money" that Mayor Steve Howard misspoke and repeated the line when the item being discussed merely authorized negotiations for private financial auditing. The gaff came on the heels of passing several motions to spend $158,795 on five different projects.

Leaks in Old Pipes Main Contributor to Non-Revenue Water, Parliament Told
The leaks in old water pipes are the main contributor to the increase of non-revenue water (NRW) in the country. In a written reply to Nga Kor Ming (DAP-Taiping) on Oct 28, Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Johkiny Ongkili said other factors like pipe reconnection, rusty old pipes and water theft due to illegal connection were also contributing to the NRW.
Fly Ash

Cement Shortage Creates Issues with Sidewalk Programs in Berwyn and Riverside

Berwyn’s 2014 sidewalk replacement program has been put on hold until spring 2015 as a result of a cement shortage being felt throughout the state of Illinois. At the same time, the village of Riverside reported experiencing some issues related to the shortage as well but said work in Riverside would soon be wrapped up for the year and would not stop their program.

MC Councilman Hopes Movie will Change Minds on Fly Ash

Councilman Leroy “Chico” Moser hopes a half-hour presentation on the dangers of fly ash at Thursday's borough meeting might persuade his fellow councilors to speak out against a fly ash project in Locust Summit, Mount Carmel Township.

Public Comment Opens on Proposed Utility Landfill at Asbury

Brenda Polen and her husband, Don, of Asbury, were among a handful of people who turned out for an informational meeting Thursday night on the proposed construction of a utility-waste landfill at the Empire District Electric Co. Asbury Power Plant.

Caledonia Manufacturer CalStar Moving HQ to North Carolina

Made with a coal-burning by-product called fly ash, the bricks help to divert waste product from landfills and use 81 percent less energy to make while emitting 84 percent less CO2 in the process. The company’s Caledonia plant uses fly ash supplied by Milwaukee-based We Energies’ coal-fueled power plant in Oak Creek.

For China, Pollution and Climate Change are not the Same Problem

Beijing is one of the most polluted cities in China, according to official statistics. Every time China hosts a major international event the government has to take extraordinary measures to clean up the air and avoid suffocating its prominent guests in a dangerous choking smog.
NC Coal Ash Commission Begins Big Job Crafting Clean-Up Regulations
North Carolina is about to start building a comprehensive regulatory scheme leading to the cleaning up and safe storage of coal ash.

Concrete, Lumber Shortages Spread Through Midwest
A strengthening economy is partly to blame for the bottleneck, as more demand for construction has strained an already-busy railway system.

Pollution Down at Monroe’s DTE Power Plant
When DTE Energy’s Monroe Power Plant demolishes its last 800-foot concrete stack in June, it will remove its last testament to its pollution-filled past.

Terra Cement Signs Joint Venture Agreement with Ore Mines International
Terra Cement Inc has signed joint venture agreement with Ore Mines International Pty Ltd in South Australia (OMI) to form a new company, under the name of Terra Cement Australia Pty Ltd (TCA). TCA will engage in the marketing of Terra’s proprietary process (patent pending) for producing sustainable cement using ash in Australia, New Zealand and Papua New Guinea. The joint venture will begin operating by the end of the year.

PPL Touts Fly Ash Project
There’s no fly ash on the ground yet at a mine reclamation site in Locust Summit, but it’s coming — 400,000 tons of it.

Vanadium Flow Battery Uses Recycled Fly Ash
We know we have to stop using fossil fuels and we know that wind and solar power could meet most of our energy needs if only we could store it somehow. Imery Power Systems of Freemont, California says it has a vanadium flow battery that will do just that. According to Next Big Future, there are more than a billion tons of vanadium in the fly ash waste collected from coal fired generating plants and stored in this country.
How Coal Can Power the Drive Towards Affordable Housing in Ghana
“We will make electricity so cheap that only the rich will burn candles”. These were the famous words of American inventor, Thomas Edison. Some 200 plus years later, his prediction seems to have fallen right in place.

White House Begins Review of First-Ever Coal Ash Rule
The White House Office of Management and Budget has begun its review of the first-ever federal rule for the storage and disposal of toxic coal ash. This is an important step towards ensuring the EPA meets its court-ordered deadline of December 19 to finalize much needed protections.

Silica Fume

Rough Surface Greets Drivers on New South Platte Bridge
Ripples, reminiscent of a washboard gravel road, are not what motorists expected when the newly paved southbound lane of the South Platte River Bridge opened to traffic.

Napa Company Developing Greener Concrete Blocks
A Napa company is working to significantly reduce greenhouse gas emissions by making an alternate to the most common construction material on the planet: concrete.

REGULATORY RESULTS

Pressure Pipe

Department of Commerce | Final Administrative Review | Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Japan
On July 23, 2014, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on certain large diameter carbon and alloy seamless standard, line, and pressure pipe (over 4 1/2 inches) from Japan for the period of review (POR) of June 1, 2012 through May 31, 2013.
Department of Commerce | Opportunity to Request Administrative Review | Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation

Each year during the anniversary month of the publication of an antidumping or countervailing duty order, finding, or suspended investigation, an interested party, as defined in section 771(9) of the Tariff Act of 1930, as amended (“the Act”), may request, in accordance with 19 CFR 351.213, that the Department of Commerce (“the Department”) conduct an administrative review of that antidumping or countervailing duty order, finding, or suspended investigation.

Department of Labor | Notice | Petitions for Modification of Application of Existing Mandatory Safety Standards

Section 101(c) of the Federal Mine Safety and Health Act of 1977 and 30 CFR Part 44 govern the application, processing, and disposition of petitions for modification. This notice is a summary of petitions for modification submitted to the Mine Safety and Health Administration (MSHA) by the parties listed below to modify the application of existing mandatory safety standards codified in Title 30 of the Code of Federal Regulations.

Department of Labor | Preliminary Results of Administrative Review | Magnesium Metal From the People’s Republic of China: Petitions for Modification of Application of Existing Mandatory Safety Standards

The Department of Commerce (“Department”) is conducting the administrative review of the antidumping duty order on magnesium metal from the People’s Republic of China (“PRC”).