AMERICAN Concrete Pressure Pipe ASSOCIATION

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The State of Our Union Is Divided

By Rep. Lynn Westmoreland (R-GA)

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Editor's Note: ACPPA periodically invites leading members of Congress to write columns for Actionline *on legislative topics to allow our readers to hear directly from people making decisions on Capitol Hill. This month's guest columnist is Rep. Lynn Westmoreland. Rep. Westmoreland represents Georgia's Third Congressional District and is serving his fourth term. He serves on the House Financial Services Committee and House Permanent Select Committee on Intelligence, where he is chair of the Oversight Subcommittee. The views expressed by Rep. Westmoreland do not necessarily reflect those of ACPPA.*

In January, the president gave his State of the Union address to a joint session of Congress. The speech is a constitutional requirement on the presidency and has become a way for the president to announce his agenda for the coming year.

What struck me the most was the president's complete disconnect with reality. He promised job creation and announced the need for an all-of-the-above energy plan – an idea instituted by Republicans back in 2008 – yet only two weeks prior he killed the Keystone Pipeline, a construction project that would have created tens of thousands of direct jobs and helped America decrease its reliance on oil from the Middle East. He discussed the damage a tax increase would have on our fragile economy, yet in the same speech advocated for raising taxes on American job creators. He even invoked President Lincoln, stating 'that government should do for people only what they cannot do better by themselves, and no more,' while at the same time pushing for more regulations of our energy and financial industries. I didn't think the gap between what the president says and what he does could get much larger – until he actually contradicted himself in the same speech."

Yes, the Campaigner-in-Chief unfortunately gave the speech that I was expecting: one full of rhetoric that painted the rosy view of our country rather than the actual state of our union. And why wouldn't he? He's running for president after all. And his reelection bid is based on his ability to convince the American people they aren't worse off under his leadership.

Well, like my grandmother always said, 'Fool me once, shame on you. Fool me twice, shame on me.' And Mr. President, you aren't fooling me this time.

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This was the same speech we've all heard before. Promises of comprehensive immigration reform, education reform, tax breaks for college tuition, job creation, tax breaks for American companies, and energy independence. All promises the president has broken. The president's speech tonight was nothing more than a laundry list filled with lofty promises, but short on actual policy.

While I agree with him that the American spirit is one that can lift this country back to the prosperity we are capable of, we can't do that with crushing debt, overly burdensome regulations, and higher taxes on small businesses. And while that's the president's agenda for 2012 the House passed legislation to address all of these issues that were stalled in the Senate last year. This administration's failed policies have driven our economy to the brink, and his State of the Union only solidified his intent to continue down this same path.

The true state of our union is one of divisiveness, brought on by the president's continued insistence of pitting Republicans against Democrats, rich against poor, haves against have nots. This president seems to thrive on chaos and we all can remember what his former Chief of Staff Rahm Emanuel said, 'You never want a serious crisis to go to waste.' Our country is facing serious challenges right now and leaders in Washington must put aside political rhetoric, roll up their sleeves, and come up with real solutions to help the American people. Unfortunately, we didn't see that.

I look forward to working with the member companies of the American Concrete Pressure Pipe Association and others to restore prosperity to our great country.

Removal of PAB Cap Incorporated in Highway Debate

On Feb. 7, members of the Senate Finance Committee approved, by voice vote, an amendment that would lift the cap on private activity bonds (PABs) for drinking water and wastewater projects as part of the Senate's highway bill, Moving Ahead for Progress in the 21st Century (MAP-21) (S. 1813).

Offered by Sen. Robert Menendez (D-NJ), the amendment added language similar to that of the Sustainable Water Infrastructure Investment Act (S. 939), one of ACPPA's top legislative priorities, to MAP-21's finance title. Removing the cap on PABs for water projects could help close the funding gap for water infrastructure by allowing an estimated $5 billion annually in private capital investment to flow to these projects with a minimal hit to the federal treasury.

The Senate move comes on the heels of an ACPPA letter to Senate Finance Committee members urging incorporation of the measure into MAP-21. In the message, ACPPA President Rick Lawhun reminded lawmakers of the critical plight of our nation's water infrastructure and the provision's economic benefits.

ACPPA sent a similar letter to members of the House Ways & Means Committee on Feb. 2, urging the committee to include the House's PAB legislation (H.R. 1802) in the financing title of the House highway bill, the American Energy & Infrastructure Jobs Act (H.R. 7). Though the House didn't heed ACPPA's advice, if the House and Senate produce a final highway reauthorization conference report, the association is hopeful that the provision will be included.

With action on the House and Senate highway bills now at the forefront in each body, ACPPA is urging each chamber to complete its own version, so that a final bill may be produced in a House/Senate conference committee.

As congressional leaders regroup to strategize on how to best to advance MAP-21 and the American Energy & Infrastructure Jobs Act it is critical that the concrete pressure pipe industry use this time to remind lawmakers of the importance of investing in our nation's water infrastructure. Use ACPPA-action.org to send a message to your senators and representative today.

Highway Reauthorization Measures Hit Bumpy Detour

Encourage your lawmakers to support long-term transportation investments

After years of delay, the highway bill is front and center on Capitol Hill, as surface transportation reauthorization is on the floor in the Senate and House leaders are still working to structure their bill. However, the legislative process in both chambers is presenting challenges for rapid action, slowing movement on the bills.

With the flurry of activity in Washington, ACPPA is urging every member to contact lawmakers in Washington to build support for the House and Senate bills. (Click here to go to ACPPA-Action.org) Neither version is perfect, but both bills must pass in order for the legislation to be resolved in a joint conference committee.

Senate process delays highway bill
On Feb. 7, the Senate Finance Committee identified funds to cover the approximate $12 billion shortfall between expected revenues from the Highway Trust Fund (HTF) and current spending levels in the upper chamber's bill, Moving Ahead for Progress in the 21st Century (MAP-21) (S. 1813).

This led to the Senate's overwhelming approval, 85-11, to bring MAP 21 to the Senate floor for consideration, seemingly putting the legislation on an expressway toward passage. (To find out how your senators voted, click here) As debate on the bill began, however, GOP senators are trying to use the surface transportation measure as a vehicle to approve the Keystone XL pipeline, to prevent foreign aid from going to Egypt, and to reverse the Obama administration's controversial rule regarding contraception; additions that could shatter the bipartisan comity that has marked the Senate's measure thus far.

Despite Environment & Public Works (EPW) Chair Barbara Boxer (D-CA) and Ranking Member Jim Inhofe (R-OK) working together to discourage the submission of non-germane amendments, senators continued to introduce many unrelated proposals. These extraneous amendments bogged down the Senate's efforts, and paralyzed discussions of the bill, leading Majority Leader Harry Reid (D-NV) to file a motion to end debate.

As expected, that motion failed to pass on Feb. 17, allowing the Senate to restart consideration of the legislation when it returns after the President's Day recess. Word on the Hill is that Reid and Senate Republican Leader Mitch McConnell (R-KY) are working together to develop a list of acceptable amendments to clear a path forward for the bill.

As Senate leaders regroup to strategize on how to best to advance MAP-21 it is critical that industry leaders reach out to their lawmakers and remind them how critical this legislation is to America's future.

Senators add PAB provision to MAP-21
In approving the finance provisions of S. 1813, the Senate Finance Committee also passed, by voice vote, an amendment from Sen. Robert Menendez (D-NJ) that would to lift the cap on private activity bonds (PABs) for drinking water and wastewater projects (For more information see related story in this month's *Actionline*).

White House hitches support to MAP-21
On Feb. 9, MAP-21, received official support from the White House. In a policy statement, President Obama called for support of the Senate bill to "provide much needed certainty and funding for the nation's transportation programs."

Some key Senate supporters, however, did not welcome the president's support. EPW Ranking Member Sen. Inhofe released a statement worrying that the administration's support could undermine the bipartisan unity that has marked the Senate bill by politicizing the issue.

Meanwhile, the House transportation bill drew Obama's first veto threat of 2012. In a statement of administration policy, the president expressed strong opposition to the House measure, saying that the bill jeopardizes safety, weakens environmental protections, and fails to make adequate investments.

Bipartisan concerns prove speed bumps for House action
Unlike the bipartisan process in the Senate, the House highway bill (the American Energy and Infrastructure Jobs Act of 2012 (H.R. 7)) has devolved into both a partisan brawl between the GOP and Democrats and an intra-party fight among Republicans, jeopardizing the legislation's viability.

The House highway bill faces a difficult path. Many in the GOP caucus are wary of the legislation's price tag (gas tax revenue shortfalls will have to be made up with transfers from elsewhere in the budget) and several prominent conservative groups have opposed the bill. House Democrats are in near unanimous opposition to H.R. 7 in its current form, opposing the process by which Transportation & Infrastructure Chair John Mica (R-FL) has moved the legislation and objecting to several of the bill's provisions. Notable Democratic dissent exists on many provisions, including Keystone approval, off shore drilling expansion, and removing mass transit and transportation enhancement funding from the HTF (the latter also proving divisive among Republicans).

As *Actionline* went to press, GOP leaders were considering cutting the highway bill's authorization period from five years to 18 months to bring down the cost. But what the House highway bill will look like and when it will get to the floor, is still unknown. What's critical is for construction industry leaders to weigh-in with lawmakers to press support for H.R. 7. It's not perfect, but we need to keep the process moving forward.

New Study Shows Water Infrastructure Investment Helps Economy While Boosting Government Revenues

As the House and Senate debate surface transportation reauthorization measures, a new report by researchers at the College of William and Mary's Thomas Jefferson Program in Public Policy sheds new light on the positive impact infrastructure investment has on the economy and government tax receipts.

The research found that the federal government stands to earn substantial returns from investments in our national wastewater and drinking water systems, as over a 20-year period, each dollar invested will generate $2.03 in tax receipts ($1.35 for the federal government) over the same period. This revealed that investments in water networks yield a substantially higher return than highway investments, for example, which generates an approximately 35-cent return (23 cents for the federal government) over the same period.

The study also found, that over two years, every dollar spent on nonresidential infrastructure construction produces roughly double ($1.92) the initial spending in direct and indirect economic output. The long-term impact is also significant, with a dollar in aggregate public infrastructure spending generating $3.21 in economic output (GDP) over a 20-year period.

Furthermore, the impact of infrastructure investment is felt well beyond the construction industry. The researchers determined each dollar spent on infrastructure generates roughly 35 cents in indirect economic activity for manufacturers, 20 cents for professional and business services providers, and 10 cents for the finance, insurance, real estate, rental, and leasing industries. Sectors ranging from agriculture to entertainment to retail also benefit.

"The William and Mary report strengthens the fiscal conservative case for infrastructure," said ACPPA's Washington Counsel Christian Klein of Obadal, Filler, MacLeod, and Klein. "On top of all the other well-documented economic, social, national security, environmental, and public health benefits, this report clearly highlights the long-term economic benefits that the federal government can accrue from investments in 21st century water infrastructure networks. Klein is a member of the William & Mary Public Policy Program's Board of Directors and coordinated the study for another his firm's clients.

Obama Administration Proposes Significant Corporate Tax Reform

On Feb. 22, Treasury Secretary Tim Geithner announced President Obama's proposal to reform the corporate tax code. The plan would reduce the top corporate tax rate from 35 percent to 28 percent eliminating various tax loopholes and subsidies to cover the reduced revenue.

Reducing the corporate tax rate, currently the second highest among G8 countries, will help broaden the tax base and aims to make American companies more competitive in the global marketplace. According to Geitner, the new system would incentivize foreign investment, while establishing a new minimum tax on foreign earnings to strengthen domestic spending with an emphasis on growing American manufacturing.

White House officials stated the reform "would refocus manufacturing deductions and use the savings to reduce the effective rate on manufacturing to no more than 25 percent, while encouraging greater research and development and the production of clean energy."

President Obama's proposal would focus on five key elements of business tax reform:

1. Eliminate tax loopholes and subsidies to broaden the tax base and reduce the corporate tax rate
2. Strengthen American manufacturing and innovation
3. Strengthen the international tax system, including establishing a new minimum tax on foreign earnings, to encourage domestic investment
4. Simplify and cut taxes for small business
5. Restore fiscal responsibility through revenue neutral proposals

Though senior officials at the White House expect the president's corporate tax reform proposal will face steep resistance on Capitol Hill, "the administration believes that the president's framework lays an important foundation and the conversation ahead is a good one to have."

This is the first shot in looming battle over comprehensive tax reform. Stay tuned for updates on the tax reform debate in the coming months and years.

President Obama Unveils 2013 Budget

The White House released President Obama's budget for fiscal year 2013 on Feb. 13. The $3.8 trillion blueprint of federal spending offered little in the way of new initiatives, proposing a mostly recycled package of tax increases and spending cuts designed to stimulate economic growth and achieve long-term deficit reduction.

Unfortunately, on water infrastructure measures, the proposed budget would slash nearly $360 million from the State Revolving Funds (SRFs) by offering $1.175 billion for the Clean Water SRF and $850 million for the Drinking Water SRF.

On other infrastructure matters, Obama is calling for a $476 billion, six year surface transportation package funded by savings achieved through reduced military spending in Iraq and Afghanistan. The president has again called for the creation of a national infrastructure bank and consolidation of federal transportation programs to speed and reform the project approval process.

Given the current climate in Washington, the president's proposal is likely to have little impact on the current budget or transportation debates, with lawmakers having already rejected the bulk of Obama's ideas.

ACPPA Joins Coalition Urging Reinstating 100% Depreciation Bonus

ACPPA joined an ad hoc coalition of state and national business organizations urging Congress to reinstate 100 percent bonus depreciation for 2012.

In a letter to payroll tax cut bill (H.R. 3630) more than 115 associations said that reinstating 100 percent bonus depreciation through the end of the year would "spur much needed business investment and job creation."

Under legislation enacted in late 2010, businesses were able to write off 100 percent of new equipment purchases in 2011. However, under that same law, the depreciation bonus for 2012 is reduced to 50 percent. Language to extend the 100 percent depreciation bonus for one more year passed the House late last year as part of the payroll tax cut extension bill, but was not included in the temporary payroll tax bill signed by President Obama in late December (H.R. 3765).

With the economy showing signs of stabilizing after four years of turmoil the 100 percent bonus depreciation encourages businesses to ramp up purchasing and free up cash, simultaneously making companies more productive and better able to add new employees.

To send a note to Congress yourself urging reinstatement of 100 percent bonus depreciation, click here.

For more about the depreciation bonus, click here: http://www.depreciationbonus.org.

Canadian Chamber Launches Drive to Confront Barriers to Growth

The Canadian Chamber of Commerce (CCC) launched a new campaign, The 10 Barriers, challenging the competitiveness of Canadian businesses and proposing steps that will encourage economic growth and prosperity across all sectors of the nation's economy.

The 10 Barriers' initiative highlights the tax reform, workforce development, and infrastructure investment challenges confronting long term Canadian prosperity. Among the barriers facing Canadian industry is the need for a 21st century infrastructure. As the campaign notes, "investment in public infrastructure is nowhere near keeping pace with our needs."

To encourage growth and development, the CCC is calling for a national infrastructure investment plan that reverses the long-trend of underinvestment and goes beyond the traditional budget-to-budget approach that has been a staple of Canadian governments.

The CCC is also working in conjunction with Infrastructure Canada as it engages with key stakeholders to develop a long-term infrastructure plan for the nation.

Where Did Your Lawmakers Stand in 2011?

With the start of election season, it is vital that ACPPA members know how lawmakers voted on the association's top legislative priorities.

ACPPA-Action.org's vote scorecard allows members to see how their representatives in Washington voted in the first session of the 112th Congress. Entering a zip code brings members to a district-specific page displaying how your lawmakers voted on key issues.

Members can also use ACPPA-Action.org's legislative tracker to follow the progress of legislation important to the equipment distribution industry. This feature allows you to see legislative sponsors, status updates, and read about the legislation.