



## **An overview of the 2007 AGC Government Affairs Year in Review**

January 18, 2008 - Spotlights

As we begin a new year the GBC wants to remind everyone of the importance of the Associated General Contractors of America in Washington. In case you missed it, here is the 2007 AGC Government Affairs Year in Review.

AGC remains vigilant on unreasonable employer sanctions and defends against onerous debarment language. AGC successfully defeated several efforts by Congress to include language that would debar contractors for up to ten years should they be found to have undocumented workers or even minor paperwork violations. Though comprehensive immigration reform remains elusive, AGC continues to be on the alert for efforts to unreasonably hold employers accountable for failures of the federal government. This includes efforts that would make general contractors responsible and liable for their subcontractors' hiring practices, the imposition of a pilot project for employee verification without protections for employers using the system, as well as the necessity to phase-in the mandatory use of such a program to ensure the system can manage the influx of users.

Congress fails to fix highway trust fund (HTF) solvency. Calculations of the HTF's Highway Account project a shortfall of \$4.3 billion in fiscal year 2009, which would require a cut of nearly \$16 billion—or nearly 40%—in states' highway funding for next year if additional revenues are not found. The crisis will likely gain attention in early February when the President's budget recommends cuts to federal-aid highway spending due to insufficient revenue.

AGC leads the way for congress' approval of water resources legislation. AGC led the effort to successfully override President Bush's veto of the Water Resources Development Act of 2007. This legislation authorizes \$23 billion in civil works projects administered by the U.S. Army Corps of Engineers.

AGC pushes for water infrastructure funding. AGC worked with the House on H.R. 720, the Water Quality Financing Act of 2007, which provides \$14 billion over four years to capitalize states' revolving loan fund programs for wastewater collection and treatment systems. Movement in the Senate has been stalled due to concerns over the application of Davis-Bacon prevailing wage requirements.

AGC calls for embassy construction reform. AGC concerns over the declining number of American contractors participating in the State Department's embassy construction program have resulted in a General Accountability Office study which is currently underway. AGC member contractors helped build nearly 60 new embassies and consulates in 2007.

AGC halts federal wetlands jurisdiction grab. AGC and a coalition of wide-ranging interests were able to halt action in Congress on the Clean Water Restoration Act of 2007 (H.R. 2421/S. 1870), which would broaden federal jurisdiction over waters and wetlands and greatly increase the number of circumstances under which contractors would have to obtain dredge and fill permits. AGC

expects more attempts to move the bill next year.

AGC works with congress to repeal harmful 3% withholding. AGC has secured overwhelming support of 239 cosponsors in the House and 10 in the Senate to repeal the 3% withholding law. While the House has voted twice on a one year delay, AGC is pushing Congress to focus on full repeal of the 3% withholding, which is due to be implemented in 2011.

AGC applauds congress for AMT delay. At the last possible moment, Congress voted to delay the full effect of the alternative minimum tax (AMT), stopping a tax increase of as much as \$2000 per taxpayer. This AMT relief will be helpful for AGC members who have closely-held companies and pay their business tax at the individual level.

AGC-supported extension of TRIA passes congress. Legislation to reauthorize the Terrorism Risk Insurance Act (TRIA) will soon be signed into law, extending the program seven years. TRIA was created after the 9/11 attacks when terrorism insurance was either no longer available, or offered but prohibitively expensive. The program creates a government backstop, should another terrorist attack occur, that would help cover the costs of such an attack once a certain monetary threshold was met. The bill provides coverage for acts of domestic terrorism, but does not include coverage for nuclear, biological, chemical or radiological attacks.

AGC recommendations adopted in new ethics rule. AGC responded to a proposed rule requiring most federal contractors and subcontractors to adopt and promote a code of business ethics. The government accepted several AGC recommendations, including one exempting all small businesses from the rule-making.

AGC speaks for contractors during the regulatory process. AGC responded to several proposed rule-makings to require contractors to: 1) certify that they do not owe taxes when bidding on federal contracts; 3) review the appropriate uses for reverse auctions in government procurement, and; 4) the utilization of one-step design-build by the U.S. Coast Guard.

AGC ensures federal contracting reform works for members. AGC reviewed and commented on a variety of measures passed by Congress intended to improve the quality of government contracts, increase contract oversight, and promote integrity in contracting. AGC obtained several improvements to these bills to ensure that any proposed contracting reform laws are reasonable and do not change procurement laws to harm federal construction contractors.

AGC-recommended improvements headline small business reauthorization. AGC worked with Small Business leaders in Congress to ensure that all AGC small business priority issues, including HUBZone and subcontracting data reporting reform, are on track to be included in the upcoming SBA Reauthorization. In the meantime, President Bush signed H.R. 4252, which extends the authorizations of certain Small Business Administration programs until May 23, 2008 in order to give Congress time to conference together three different bills addressing SBA Reauthorization.