

By Ryan Dunn

UPDATE From Washington

While Washington remains fixated on the battle over health care reform, unemployment remains one of the top priorities for ABC and its member companies. Industry wide, 1.9 million construction jobs have been lost since December 2007, and the industry continues to experience massive job losses, including 75,000 in January 2010 alone, with a current unemployment rate of 27 percent.

Congressional leaders continue to push costly job recovery bills that ABC is following closely. Senate Leader Harry Reid (D-NV), is working on a four part jobs package over the next few months. The first part, the Hiring Incentives to Restore Employment (HIRE) Act, a \$15 billion jobs bill, passed the Senate with a 70-28 margin on February 22nd. The HIRE Act would, among other things, exempt any private-sector employer from paying the 6.2 percent employer's portion of the FICA payroll tax on a new employee hired in 2010. However, in order for the employer to actually benefit from this tax "break" the new employee must have been out of work for at least 60 days prior to being hired and must stay employed for 52 straight weeks. While there is merit in the HIRE Act, there needs to be work available for employers to hire new employees. Simply providing employers in our industry with tax incentives to hire new employers will not solve the crux of the problem facing our industry which is the lack of projects for our member companies.

With three more parts of the comprehensive jobs initiative yet to be introduced in the Senate, ABC continues to promote and educate legislators on the key issues to help the struggling construction industry rebound. In order to break the construction industry out of the dire situation we currently face, ABC believes that the following issues must be addressed immediately:

Eliminate "Uncertainty" in the Business Environment

Congressional legislative and federal regulatory anti-business proposals have created an environment of economic uncertainty in the business community that is negatively impacting the economic recovery of the construction industry. The outcome of these proposals is unclear, which in turn has caused much uncertainty in the

industry and difficulty for firms to adequately plan for the future. Currently, employers are unwilling to hire additional employees or invest in equipment or facilities. ABC believes job creation in the construction industry is best fostered in a pro-business environment where free enterprise and open competition are unconstrained.

Increase Access to Capital

The freeze on lending for private sector construction projects must be addressed immediately. The long delay in lending or outright refusal by financial institutions to fund private sector projects has had an extremely detrimental impact on the construction industry. Many ABC members have viable low-risk projects/contracts that simply need funding in order for work to commence.

Provide Meaningful Tax Relief that Leads Directly to Job Creation

Under the nation's current tax system, rates are too high and laws are too complex, thus inhibiting the growth of small businesses. ABC supports minimizing the tax burden on American citizens, and the construction industry in particular, to help increase the rate of capital formation, economic growth and job creation.

Stimulate Construction Efficiently

Long-term economic success requires the participation of the entire construction workforce on federally funded and assisted construction projects. Federal agencies should be prohibited from requiring union-only project labor agreements (PLAs) and the Davis-Bacon Act requirements on stimulus funds should be lifted.

Promote Energy Efficiency

A comprehensive energy plan will benefit all Americans through less expensive, more stable energy supplies. The potential dividend for the construction industry is considerable. The nation's energy infrastructure is insufficient and crumbling; new construction and upgrades

to plants and transmission infrastructure are desperately needed. ABC is committed to ensuring these new projects are built with open competition and without government-mandated project labor agreements.

Support Training Programs for All

One of the keys to attracting new workers to the construction industry is to provide high-quality, flexible training that leads to a lifetime career opportunity in a lucrative field. ABC believes all American workers, regardless of labor affiliation, should enjoy equal access to critical job training, which includes allowing merit shop contractors access to federal training funds under the "Green Jobs" program. Additionally, ABC strongly supports school-to-career programs that offer students a course of study that brings together academics, on-the-job learning and paid work experience, all before high school graduation.

Repeal the Death Tax

Another major issue facing our members that is not getting much attention in Washington is the status of the Estate Tax (or as it will be referred to here, Death Tax). In 2001, President Bush signed a temporary repeal of the death tax as part of the Economic Growth Tax Reduction and Reconciliation Act. Under this law, the death tax was lowered each year from a 55 percent rate with an exemption of \$1 million down to a 45 percent rate with a \$3.5 million exemption in 2009. The bill called for a full repeal of the death tax in 2010.

For this year and this year only, there is no death tax. However, this law is set to expire at the end of 2010 with the rate returning to its highest rate: a 55 percent rate with only a \$1 million exemption. It has become a running joke that 2010 is the year that the government is really encouraging people to die.

The ramifications of letting Congress raise the death tax rate back to its highest level is no laughing matter. ABC and Senator Jon Kyl (R-AZ) are committed to working on permanent estate tax reform. Senator Kyl has also introduced a compromise to increase the exemption level to \$10 million *per couple* with a 35 percent rate. This proposal has been rejected by Senate Democrats but Senator Kyl continues to try and have this fix included as the Senate moves forward on the remaining three parts of the Senate's overall jobs initiative.

ABC supports full repeal of the death tax. Death should not be a taxable event. Please take the time to call or email Senators Mark Warner and Jim Webb to encourage them to support full repeal of the death tax.

Senator Jim Webb - (202) 224-4024 or visit his website
Senator Mark Warner - (202) 224-2023 or visit his website

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