



2010 Job Creation Proposal

With the construction industry unemployment rate exceeding 17 percent, creating jobs and invigorating the economy is a priority for the members of Associated Builders and Contractors (ABC). To remain at the forefront of this issue, ABC has proposed a job creation package to put Americans and the construction industry back to work. The job creation package includes the following recommendations: eliminate “uncertainty” in the business environment, increase access to capital, provide meaningful tax relief, stimulate construction efficiently, promote energy efficiency, and support training programs for all. ABC will continue to work hard to support measures that revive the economy and increase jobs for the men and women in the construction industry.

1. Eliminate “Uncertainty” in the Business Environment:

Overview: Federal legislative and regulatory anti-business proposals are negatively impacting the economic recovery of the construction industry. The outcome of these proposals is unclear, which has caused much uncertainty in the industry and has made it difficult 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.

2. Increase Access to Capital:

Overview: 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.

- **Unfreeze lending for private sector construction projects.**
- **Examine federal regulator administrative guidelines that encourage banks to write down individual commercial real estate loans even if the borrower makes on-time payments.**
- **Curtail actions by financial institutions attempting to improve their balance sheets cosmetically by unnecessarily restricting, reducing or “calling in” lines of credit to contractors, subcontractors and suppliers.**
- **Provide funding to extend the Small Business Administration (SBA) loan guarantee provisions of the American Recovery and Reinvestment Act (ARRA) through Fiscal Year 2010 and increase the maximum loan size and maximum guaranteed portion of SBA loans.**

3. Provide Meaningful Tax Relief that Leads Directly to Job Creation:

Overview: 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.

- **Allow a 20 percent deduction for small business income.**
- **Reduce the Capital Gains tax rate.**
- **Repeal the Estate Tax (“death tax”).**

- **Repeal the individual and corporate Alternative Minimum Tax (AMT).**
- **Reduce the Payroll Tax.**
- **Extend the 15-year Depreciation Schedule for leasehold improvements, restaurant improvements and new construction, and retail improvements.**
- **Repeal 3 Percent Withholding Tax (Section 511).**
- **Support the Completed Contract Method Threshold.**
- **Exclude small construction contractors from look-back accounting requirements.**
- **Provide tax relief for home-based businesses.**
- **Provide tax relief for the self-employed.**
- **Support energy efficiency tax incentives.**

4. Stimulate Construction Efficiently:

Overview: Long-term economic success requires the participation of the entire construction workforce on federally funded and assisted construction projects.

- **Prohibit federal agencies from requiring union-only project labor agreements (PLAs).** Union-only PLAs drive up the cost of construction by reducing competition and effectively exclude merit shop contractors from working on projects paid for by their own tax dollars.
- **Lift the Davis-Bacon Act requirements on stimulus funds.** Because small and minority-owned businesses are often not equipped to navigate the maze of paperwork required to work on Davis-Bacon projects, many will simply not bid on these projects.

5. Promote Energy Efficiency:

Overview: 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 a comprehensive energy plan.**
 - Lessen America's dependence on foreign sources of energy by increasing domestic exploration and production of fossil fuels.
 - Allow responsible oil and gas development in the Arctic National Wildlife Refuge.
 - Support the development of oil shale technology and the construction of new refineries along with new and sustainable energy sources.
 - Increase construction of new nuclear power plants.
 - Support new construction and upgrades to plants and transmission infrastructure (new power plants and pipelines); ensure these new projects are built with open competition, without government-mandated project labor agreements.
 - Support increasing alternative/renewable fuels, such as wind and solar, and the increased use of vehicles powered by these sources.
 - Support tax incentives for energy efficiency and conservation, including for home and business.

6. Support Training Programs for All:

Overview: 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.

- **Give merit shop contractors access to federal training funds under the “Green Jobs” program.**
- **Place more of an emphasis on apprenticeship, job training and career technical education programs.**
 - **Increased training** (without discrimination based on labor affiliation) is vital to the future of the construction industry. Currently, the construction industry is experiencing a critical shortage of skilled workers.
 - **School-to-Career programs** offer students a course of study that brings together academics, on-the-job learning and paid work experience—all before high school graduation. These programs are linked to post-high school education options, and offer preparation for the professional world. ABC may want to consider reaching out to the Department of Education, specifically to discuss school-to-career initiatives and how these programs positively impact the construction industry. Career development should not focus solely on being “college bound.”
 - **Career Technical Education Programs.** ABC could join an existing coalition on this issue or form a new one. ABC may want to consider developing a relationship with the Association for Career and Technical Education, the National Association of State Directors of Career Technical Education Consortium, and the American Association of Community Colleges.