



DAVID A. RAYMOND  
PRESIDENT & CEO

November 14, 2017

SUBJECT: House Proposal Would Increase Taxes on Engineering Companies and Jeopardize America's Economic and Infrastructure Renewal; Simple Correction Needed

Dear Representative:

On behalf of the American Council of Engineering Companies (ACEC) – the business association of the nation's engineering industry – I am writing to express the industry's serious concerns over H.R. 1, the Tax Cuts and Jobs Act.

ACEC represents over 5,000 of the nation's leading engineering firms, employing hundreds of thousands of engineers, scientists, and other STEM professionals who develop America's infrastructure – the roads, bridges, airports, water, energy, commercial, industrial and manufacturing facilities so critical to economic growth. Key points:

- **HR 1 largely denies the new 25 percent passthrough rate to engineering firms;** the bill lowers rates for C corp engineering firms to 20 percent, which ACEC supports, but excludes engineering and other service industries from the new 25 percent passthrough rate.
- **HR 1 actually increases the tax burden on engineering passthrough firms;** most engineering passthroughs would be denied the lower passthrough rate, and by eliminating Section 199 and other tax provisions, HR 1 effectively increases their tax burden and undercuts their ability to compete.
- **This policy will touch most of the firms in your district and throughout the country, and hit small firms the hardest;** while ACEC represents the largest firms organized as C corps, the vast majority of America's engineering firms are organized as passthroughs, which are primarily mid-sized and small firms.

There is no public policy justification for establishing a tax code that favors corporations over smaller firms, or one that creates arbitrary winners and losers among passthrough firms. As a matter of fairness, we believe Congress should establish tax rates that make engineering firms of all sizes and tax structures equally competitive.

We look forward to working with you to address these concerns, but we cannot support a tax bill that harms thousands of engineering firms throughout the country.

Sincerely,