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AED's 2009 Legislative Priorities

San Diego, Calif. – Christian Klein, AED's Vice President of Government Affairs outlined AED's priorities on Capitol Hill during the Press Lunch Jan. 15, 2009.

Enact economic growth and job creation legislation. AED urges the swift enactment of stimulus legislation to revive the struggling U.S. economy. Specifically, AED is advocating a special, one-time infusion of funds for highway, water, airport and other infrastructure needs; an extension of the temporary depreciation bonus and increased Sec. 179 expensing levels enacted in early 2008; and an expansion of the home purchase tax credit.

Infrastructure stimulus will immediately create jobs and spark new business purchasing, while at the same time laying a solid physical foundation for America's future economic vitality. Economic uncertainty is causing businesses to refrain from making new purchases, which is hurting dealers and manufacturers. Extending the depreciation bonus and higher Sec. 179 expensing levels through the end of 2009 would help reverse this dangerous trend and inoculate the economy against a more severe business purchasing downturn in the coming year. And expanding the home purchase tax credit by eliminating the income cap, as well as the first-time homebuyer and payback requirements, will create new demand for homes, reverse the decline in home values, and help restore consumer confidence.

Renew America's commitment to surface transportation infrastructure. The 111th Congress will oversee the task of reauthorizing the beleaguered federal highway program. Underinvestment and overuse have crippled the arteries of national commerce. According to TRIP, 33 percent of America's major roads are in poor or mediocre condition and 25 percent of America's bridges are structurally deficient or functionally obsolete. The Texas Transportation Institute reports that congestion costs the U.S. economy \$78 billion per year in wasted time and fuel. And the National Chamber Foundation predicts a \$1 trillion highway investment shortfall through 2015 at all levels of government. Current sources of revenue for the federal Highway Trust Fund (HTF) are outmoded and outdated, with a \$42 billion deficit predicted for the HTF highway account by 2015. Congress must find fiscally responsible ways to ensure the long-term integrity of the HTF and dramatically increase investment in transportation infrastructure. A highway user fee increase should be part of the solution.

Repeal the government contractor withholding tax. Section 511 of the Tax Increase Prevention and Reconciliation Act (TIPRA) created a new 3 percent withholding tax for government contractors starting in 2011. The tax will increase contract administration costs at all levels of government and hurt the cash flow of companies doing business with the government. In the 110th Congress, legislation to repeal this onerous measure was cosponsored by more than a strong majority of the House of Representatives. AED urges Congress to build on this groundswell and repeal Section 511.

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Protect LIFO. For close to three-quarters of a century, the last-in, first-out (LIFO) inventory accounting method has been used by businesses in inventory-intensive industries, including construction equipment distributors, to manage the impact of inflation. AED survey data suggests that repealing LIFO could cost AED members alone more than \$800 million in retroactive tax liability. AED strongly urges Congress to reject any effort to repeal LIFO.

Increase and sustain funding for federal water infrastructure programs. Government and private studies have predicted a \$500 billion water investment shortfall over the next two decades and the Environmental Protection Agency has estimated that one trillion gallons of untreated wastewater flow into the nation's waterways every year. The 110th Congress reauthorized the Water Resources Development Act for the first time since 2000, authorizing more than \$23 billion for navigation, flood control, and water infrastructure projects. Building on this foundation, AED encourages Congress to reauthorize and increase funding for Clean Water and Safe Drinking Water State Revolving Funds. Congress should also create a dedicated, sustainable mechanism to fund water infrastructure investment.

Resolve death tax uncertainty. The death tax disproportionately impacts owners of capital-intensive, family-owned businesses. To preserve the company for the next generation, business owners must devote considerable sums to developing estate plans and buying death tax-related life insurance. AED surveys show that uncertainty surrounding the future of the death tax has led companies to continue this behavior. In 2011, the sunset provision on the death tax expires and the onerous, pre-2001 death tax will be reinstated. AED calls on Congress to eliminate the uncertainty surrounding the imminent reinstatement of the death tax to allow family business to better plan for the future.

Help small businesses provide health insurance to their employees. Studies show that more than 45 million Americans have no health insurance and that more than half of the uninsured are from families in which the primary earner works for a small business that cannot afford to provide insurance. With a new administration committed to overhauling national health care options, Congress should seize the opportunity and allow trade associations representing small businesses to act as buying groups for their members (so called, "association health plans"). Congress should also pursue other ways to reduce healthcare costs, including encouraging the use of electronic medical records and reforming medical malpractice laws.

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About AED

AED is an association of independent distributors, manufacturers and other organizations involved in the distribution of construction equipment and related products and services in North America and throughout the world. AED members sell, service and rent equipment to markets that include heavy and light construction, mining, agriculture, forestry, aggregates, engines and industrial.

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