

Stimulus package

Following is a draft report from the AGC conference call last week on stimulus spending. Attached are actual details on the difference on the House and Senate bills, as well as a breakdown of infrastructure spending.

AGC conducted a conference call last week explaining the latest on the stimulus package. AGC Chief Executive Officer Steve Sandherr is expecting it to pass the house without amendments, although the Senate has differences.

“I’m hoping the Senate passes the bill next week and it will be ready for the president’s signature by mid-February,” said Sandherr. “AGC has been on the forefront of this issue since the stimulus package was surfaced by the Obama Administration. AGC’s economic data has been used a lot in the press. The Senate is quoting AGC infrastructure data. From our perspective, the numbers in there are positive; however in other areas they could do better and we are supporting efforts to increase spending in infrastructure categories. Our public response has been impressive, but we are using this opportunity to make the case that infrastructure needs are greater than in the package. We have seen close to 900,000 construction employees out of work since the Sept. 2006 construction peak. Our industry has capacity to do more than is contemplated in the bill, like put people back to work.”

AGC’s Senior Director of Transportation Brian Deery said that infrastructure spending is a major component of the package.

- In the House Bill, there is money for highway and bridges: \$30 billion – distributed to state Departments of Transportation and 25 percent to local government, 5 percent for enhancement. Of the \$30 billion, money, 50 percent must be obligated in first 180 days; otherwise is gets redistributed. The second half must be obligated by 2010.
- In the Senate is, they’re allocating \$27 billion – money distributed by formula – 55 percent to DOT, 40 percent to local governments, 5 percent set aside for construction mitigation and air quality programs. As with the house, 50 percent must be obligated in 180 days, but 100 percent obligated within one-year or it would be redistributed. The second part of the money would be directed into a new program, such as a new discretionary grant program. They require that the Federal Highway Administration have new guidelines; states would have to apply for it. It’s for big projects. Other projects include inner city rail, passenger, port, inter mobile.
- In addition, some money comes off the top in House \$550 million in federal lands and tribal; \$130 million.

- In the transportation section, the House has \$1 billion for new starts program; The Senate is contemplating new grant program. There is some money for rail and airport programs.
- Finally, money on coast guard bridges - \$150 million, with the Senate providing \$240 million; The Coast Guard would decide which bridges need removed or rebuilt.

Perry Fowler talked about waterways infrastructure spending.

- The House version uses \$6 billion for waste water project, \$2 billion drinking water; half in grants, half in loan guarantees. The Environmental Protection Agency will distribute in quick manner. If not used in 180 days, it would be reprogrammed back.

“We’re looking at as much money in stimulus as there was for clean water in 2008,” Fowler said. “That’s double the money than we usually see for water infrastructure projects.”

As for environmental cleanup, Karen Beckman, AGC, said the money would complement existing environmental programs such as cleaning up brown field sites. There is \$9 million allocated on the Senate side, \$2 million on the House side.

Building

There’s a big commitment by the House on building/renovating federal facilities; courthouses, border stations, military construction; VA facilities, medical facilities and housing; housing programs for HUD, Indians, block grants, facility construction, dept. of Ag, etc.

BLM, BIA

- There’s also a commitment to school construction for modernization and repairs. The Senate would provide \$14 billion K-12, \$16 for higher education; House bill has \$6 billion and \$3.5 respectively.

“The money for infrastructure will aid workforce development money to get people back to work,” Sandherr said. “There’s an energy/technology subcategory for broadband, electricity grid construction, retrofit existing building, as well as grants to help contractors put retrofit equipment on diesel equipment.”

Taxes

(See attached chart for details)

As for taxes, the House offers \$275 million in cuts; the Senate \$345 ((AMT patch) House – full repeal of 3 percent withholding tax; the Senate one-year deferral

There will be expensing allowed - \$250,000 for small business – appreciation 50% on first year.

- Policy Provisions – Davis Bacon covers all projects funded by tax bonds; GMLA’s – thus far, new administration and Congress is following AGC’s advice not to put that in.
- E-verify – The House Bill has language that mandates e-verify for stimulus funding; although AGC is making a real effort to get it removed; the Senate’s e-verify language was pulled for consideration.
- Steel must be produced domestically; however, it increases cost of projects by 25%

Action needed

Jim Young, AGC says there needs to be a real push on Capitol Hill at the grassroots level focusing on the Senate. “We expect the stimulus package to pass in the House, but we need to really work on the Senate. We’re working with our building coalitions. We need to do more media campaigns and direct lobbying.”