



Congressman Kevin Brady (R-TX), Chairman of the House Ways and Means Committee. This committee passed the Tax Cuts and Jobs Act (TCJA).

ACEC LEADS CHARGE FOR TAX REFORM

One of the biggest accomplishments to emerge from the current Congress was passage of the Tax Cuts and Jobs Act (TCJA), the most significant re-write of the nation's tax code since 1986.

One of ACEC's biggest accomplishments, the culmination of this campaign ensures that engineering firms of all sizes and tax structures are in a better competitive position because of the new law.

While the House and Senate passed different versions of tax reform, the law largely follows the basic contours of the Senate bill in several respects. It lowers the corporate tax rate from 35 percent to 21 percent, which benefits engineering firms organized as C corporations, including the many ACEC member firms that are personal service corporations. The TCJA also preserves the ability of engineering firms to continue using the cash

method of accounting, a key priority for ACEC.

In addition, the law retains tax incentives for retirement and employee ownership programs, such as ESOPs. Although tax reform did not provide sustainable financing for the highway trust fund, which was a goal for ACEC and other infrastructure stakeholders, the law did preserve tax-exempt municipal bonds and private activity bonds.

For passthrough businesses, such as S corporations, partnerships, LLCs, and sole proprietorships, the law created a new 20 percent tax deduction. The original House and Senate bills excluded higher-income passthrough owners in certain professions from qualifying for tax relief, including lawyers, doctors, accountants, financiers, entertainers, professional athletes, as well as architects and engineers.

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UPCOMING EVENTS

November 27

Key Issues in Far Overhead Rates
ACEC Virginia

November 28-29

Edcon18:Crucial Conversations
The Cavalier

December 12

Holiday Party
Salisbury Country Club

January 10, 2019

Transportation Reception
The Jefferson Hotel

February 7, 2019

EEA Gala
The Jefferson Hotel

March 4-6, 2019

Virginia Engineers Conference
Newport News Marriott at City Center

May 20, 2019

ECVPAC Golf Classic
The Foundry Golf Club

June 19-21, 2019

Annual Conference
Kingsmill Resort

PRESIDENT'S CORNER

Jeff Lighthiser

ADVANCING OUR PROFESSION FOR THE FUTURE

An engineer must be dedicated to the protection, advancement and betterment of human welfare. We work in a special field that impacts the human experience in countless ways and creates meaningful change. It's one reason I'm so fond of writer Robert Heinlein's famous quotation about engineering: "One man's 'magic' is another man's engineering. 'Supernatural' is a null word."

The great responsibility that engineers hold is no small charge and can intimidate anyone considering the pursuit of our shared, honorable cause. And that's before you consider the years of math, calculations, chemistry, physics and multitude of challenges it takes to become an engineer. These barriers to entry are high, but it's imperative that we, as an industry, attract more young people in order to meet the needs of this essential profession! This scenario is unlikely to improve without the concerted effort of engineering professionals. Membership with organizations like ACEC Virginia is an important step. It demonstrates your commitment to this profession. After all, ACEC's mission is to strengthen the business environment for our members. We must address this challenge collectively and in a creative manner.

For many of you, engineering has presented exciting challenges and rewards over the course of my career. We all have a responsibility to ourselves, our profession and our society to encourage others

to pursue an engineering career. We need advocates for our profession in our schools, workplaces and communities. Who better than engineers themselves? On a personal level, we should share our experiences and offer support to those individuals who are considering various career paths or are in the early stages of career development.

How do we accomplish this goal? I believe three actions will help immensely:

Education – There are many who don't understand what an engineer does; not to mention what's involved in "consulting" engineering. Offer to participate in educational opportunities at all levels of the school system. For example, career days at K-12 schools are a wonderful platform to showcase the engineering profession and make it accessible for younger students. At the higher education level, guest lecturing and/or teaching courses at the community college and university are excellent ways to give back. Educating future generations is imperative. An added benefit of this involvement is the relationships you'll forge and the ability to identify future stars early.

Mentorship – Entry-level engineers don't always know what to expect when they begin their first "real" job. Assign mentors to help them navigate the system and find their place within an organization. Assist them with establishing short and long-term goals, so they can develop a meaningful career path. Consider mentoring individuals that



are outside of your organization because they are often more comfortable asking for guidance from someone who doesn't control their paycheck.

Compassion – Get involved with your entry-level staff further. The possibilities are endless: share your experiences, provide and encourage continued learning opportunities, promote involvement in external organizations, support professional development and attendance at industry conferences, develop young professionals groups, and more.

The efforts outlined above don't have to be overly burdensome but will have a major impact for years to come. As engineers, we're problem solvers. Together, we can tackle this challenge of meeting our industry's workforce needs.

Engineering continues to be a noble and valuable profession with a great deal of opportunity. We all need to play a role in continuing this legacy and helping to groom the engineers of the future!

TRANSPORTATION FAST TRACK

TRANSPORTATION ROUND ROBIN FLOURISHING

The Transportation Round Robin continues to provide firms the unique opportunity of networking with ACEC firms, Disadvantaged Business Entities (DBE) and the Virginia Department of Transportation (VDOT). Over 120 individuals attended the event, including VDOT representatives, making it the best attended Round-Robin since its inception.

VDOT Chief Deputy Commissioner Rob Carey and Civil Rights Division Administrator Sandra Norman opened the Round-Robin, discussing collaboration between DBE and Prime firms in the Design-Build Process on transportation projects with VDOT. Eric Burke, Moffatt & Nichol, welcomed the participants on behalf of ACEC/VA. He thanked VDOT for partnering with ACEC/VA on this event and noted some of our accomplishments with VDOT over the past several years.

"I have been involved in ACEC for over 30 years and have never been to an event like this. I did more networking in one day than I would have in 6 months"

K.P. Chopra, President of American Geotechnical & Environmental Services Inc, a certified DBE Firm in Virginia and a first-time attendee, made it clear that he will be attending the Round-Robin in future years stating "I have been involved in ACEC for over 30 years and have never been to an event like this."

I did more networking in one day than I would have in 6 months."

Thank you to all firms who made this event our most successful Round-Robin yet.

Our next Transportation event is the Transportation Reception on January 10 at the Jefferson Hotel. Registration is open at acecva.org under events.



PAVING THE ROAD TO FUTURE RELATIONSHIPS WITH VDOT

Continuing dialogue regarding key transportation issues in the Commonwealth is an essential part of the ACEC/VA advocacy program. Virginia's Department of Transportation joined ACEC/VA and Metropolitan Washington members firms on July 26 to further build this relationship.



VDOT Commissioner Stephen Birch, Deputy Commissioner Rob Cary, Chief Engineer Garrett Moore, Deputy Mohammad Mirshahi, and Alternative Project Delivery State Engineer Shailendra Patel, responded to questions from member firms. VDOT provided firms with ways to improve collaboration when working with the Department of Transportation on projects.

During the conversation three topics identified for further discussion included:

- Certified Payroll
- The cost of CEI Training for firm employees
- RFP/Contract Negotiations with Transportation Projects at the Local Level

ACEC/VA created transportation subcommittees to develop these issues. Meetings with VDOT will continue when the issues have been fully vetted with the industry. In addition, we will work to collaborate with VTCA on mutual issues of concern in the engineering community. ACEC/VA looks forward to assisting firms in building relationships with VDOT.

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TAX REFORM

Continued From Cover

“ACEC scored a major accomplishment for the industry last year in the new tax law”

Opening the new passthrough deduction to the engineering industry became the critical fight for ACEC, as the majority of the Council’s members are structured as some form of passthrough business. This challenge was heightened by the fact that Congress was proposing to eliminate a tax deduction commonly used by A/E firms – the Section 199 (9%) domestic production activities deduction – as one of the offsets used to cover the costs of the lower tax rates being proposed in the legislation. If A/E firms lost the 9% deduction and were denied the proposed new deduction for passthrough firms, those businesses would actually see their tax burden increase!

ACEC engaged in a furious lobbying campaign, both with the headquarters staff and a grassroots effort that generated 6,000 contacts to House and Senate offices. In the end, the industry won: Congress modified the final version of the legislation to allow engineering and architecture passthrough owners full access to the deduction.



Linda Bauer Darr,
President and CEO
of ACEC

Like all industries, engineering passthrough owners with incomes below \$315,000 for joint filers and \$157,500 for individuals can claim the full deduction.

Owners with higher incomes will claim the deduction using a formula similar to that which was used for the former Section 199 deduction.

Now the focus has shifted to the Department of Treasury and the IRS, which are writing regulations to implement the new provisions in the TCJA. Proposed regulations on the 20 percent passthrough deduction were published in August and they reflect congressional intent that engineering and architecture passthrough firms are eligible for the deduction. ACEC is submitting comments in support of the proposed rule.

“ACEC scored a major accomplishment for the industry last year in the new tax law,” said ACEC President & CEO Linda Bauer Darr. “Now the focus is implementation, making sure the intent of Congress is reflected in the regulations released by the IRS.”

Separately, ACEC has joined with industry allies to raise concerns about an unintended consequence of the limits the TCJA places on the deductibility of interest. This change, which was paired with faster write-off of certain capital equipment purchases through 2026, would make the financing of many P3 projects unsustainable. The coalition is hoping that Treasury can address this issue in regulations; if not, it will work with Congress to fix the problem.

ACEC will continue to engage with Treasury and Congress as implementation of the TCJA moves forward.

WHAT DOES THE PAC DO FOR YOU?

Donald Booth, Political Action Committee Chair

The efforts of ACEC/PAC in Washington DC opens doors and gives the Consulting Engineering community a voice on significant tax, regulatory, infrastructure funding, and Qualification Based Selection (QBS) initiatives.



In the last year, ACEC/PAC has secured our industry major victories by:

- Maintaining the Consulting Engineering community’s eligibility for the 20% deduction in the Federal Tax reform bill for pass through entities
- Pressing for FAA reauthorization, including requirements for all projects with federal funds to include the requirement of QBS.
- Leveraging our collective voice for a major long-term transportation infrastructure funding re-authorization
- Urging the continuation of regulation review and removal where appropriate to streamline the design and permitting process
- Contributing to local Senators and Representatives campaigns who are up for re-election. On a regular basis Virginia has received much more in contributions from the ACEC/PAC than our contributions towards it

Please help Virginia meet our annual goal through a personal contribution to the ACEC/PAC.

You can contribute through the ACEC/PAC website (www.acec.org/advocacy/advocacy-pac/) or contact Nancy Israel for assistance

in keeping our voice in Washington.

Now is a great time to give as they will be drawing for a chance to win at the Annual Fall Conference in Las Vegas. (\$200 per ticket with the chance to win various prizes up to the grand prize of \$10,000)

PAC CONTRIBUTION OPPORTUNITIES

ACEC/VA hosts several opportunities to contribute to the ACEC/PAC:

Booze Wagon Raffle:

Enter a raffle and win an entire booze wagon while supporting the ACEC/PAC. The raffle is drawn at our annual conference and tickets are sold leading up to it.

Bucket O’Beer Raffle:

Win a bucket of 100+ beers from Virginia breweries and support industry friendly legislators at the same time. Tickets are sold leading up to the Annual Conference.

Annual Raffles:

Enter the raffle for a YETI® Cooler this winter. Keep an eye out for you opportunity to enter.

Only member firms are allowed to purchase raffle tickets.

ECVPAC CONTRIBUTION OPPORTUNITIES

ACEC/VA hosts several events throughout the year where you can contribute to the ECVPAC:

ECVPAC Golf Tournament:

Held every May at the exclusive Foundry Golf Club.

ECVPAC Silent Auction:

Held at our Annual Conference, ACEC/VA members donate items to be auctioned off.

WELCOME NEW MEMBERS

CTL ENGINEERING, Inc



Daniels & Associates, PC



Keiter CPAs



Lee/Shoemaker, PLLC



2019 VIRGINIA LEGISLATIVE PREVIEW

Tim Groover, PE, FACEC, Advocacy Committee Chair

TO BOIL DOWN THE 2019 SESSION FOR YOU, IT COULD BE AS SIMPLE AS THING 1 AND THING 2



Are there any other Dr. Seuss fans out there? I bet there are. I'm a big fan of "The Cat in the Hat" in part because both I and the book were born the same year. But mostly because I love the way Thing 1 and Thing 2 create such palatable tension as they wreak havoc in the house.

This year, ACEC Virginia has its own version of Thing 1 and Thing 2 in the way of two main objectives for the upcoming 2019 General Assembly Session.

Thing 1: The Virginia Public Procurement Act (VPPA) Loophole ("Step with care and great tact, and remember that life's a great balancing act." – Oh, the Places You'll Go!)

We will work with our Williams Mullen lobbyists, Reggie Jones and Patrick Cushing, to close a loophole in the VPPA that allows local governments to exempt themselves from Qualifications-Based Selection (QBS). This loophole affects a large percentage of ACEC Virginia member firms and has major precedent-setting implications.

In partnership with ACEC Metropolitan Washington, we have secured a grant through the ACEC National Minuteman Fund to support this critical initiative. These added funds will be used to educate legislators on this topic and develop specific draft legislation to close the loophole. We are working to find compromise with local governments and some of the entities that represent local governments. We're still prepared for significant opposition at the start of session. It's a true balancing act when your clients are your opposition.

Thing 2: Creating a Positive Impression of ACEC Virginia among the recently elected members of the General Assembly (So open your mouth, lad! For every voice counts!" – Horton Hears A Who)

It's been about a year since the 2017 election which brought a large number of new faces to the General Assembly. These folks made it through the 2018 Session which had the challenges of a new Governor and a hotly contentious biennial budgeting process. With that out of the way, we hopefully will have the chance to educate more of the newer faces on the issues that matter most to our member firms. This will continue to be a challenge since many of the target audience simply refuse to meet with lobbyists and generally do not have "business friendly" at the top of their legislative objectives. Still, we must work to make our voices count.

So there you have it . . . Two things we hope to accomplish in the upcoming General Assembly Session. And you can help.

Your local Delegate or Senator may be the key to success. Your contributions to the ACEC Virginia and ACEC National PACs may push us over the finish line. Your attendance at a key legislative event in Richmond or in your district may be the difference.

Please contact me or Nancy Israel if you want to get more involved. Otherwise, "you'll miss the best things if you keep your eyes shut." – I Can Read With My Eyes Shut

P.S. And remember . . . "Unless someone like you cares a whole awful lot, nothing is going to get better, it's not." – The Lorax



ACEC/VA President, Jeff Lighthiser and Past President, Tim Groover

FORUMS GAINING STEAM

ACE VIRGINIA FORUMS HIGHLIGHT HIGHER ED



Our panelists answering questions from ACE Virginia Forum attendees.

This has been a banner year for collaboration in the Commonwealth! ACEC/VA, AGC, & AIA came together at the beginning of 2018 with the idea to provide joint education and networking with clients. Our goals, to increase collaboration, trust and better outcomes in designing and building commercial construction, were achieved through the forums. The last forum of the year, held in Lynchburg, brought VA Tech, VMI, & Radford University together as a panel to discuss projects and issues of interest to all participants.

Topics discussed included SWaM criteria in different types of projects, capital outlay programs at each university, how universities choose teams, including client

priorities, experience/composition of the team, and the need for preparation for the RFP and interview if shortlisted. Participants also had the opportunity to present questions to the panelists.

What's next? ACE Virginia's quarterly forums will continue in 2019 featuring dialogues with local governments.

BUILDING THE BRIDGE FOR IT PROFESSIONALS

The fall IT Forum, held at Mason & Hanger, was a great success with representatives including firm principals, firm IT managers and IT consultants. According to Bruce Sadler, Managing Partner with Austin Brockenbrough and Associates, "it is imperative that I understand our IT issues and priorities. I was blown away by



IT Professionals' discussing IT challenges at our forum hosted by Mason & Hanger

the knowledge and experience of the other participants, and I have a new level of appreciation for cybersecurity."

Besides conversations about cybersecurity, the group discussed how they deal with the new NIST requirements, implications of the new CUI handling procedures for federal contracts, and the benefits of virtual desktop applications for Revit and AutoCAD. The informal and open exchange of ideas was well received by all participants.

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