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January 3, 2017

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, D.C. 20510

AED CONGRATULATES NEW CONGRESS, URGES ACTION ON LEGISLATIVE AGENDA

Dear Speaker Ryan and Leaders McConnell, Schumer, and Pelosi:

On behalf of Associated Equipment Distributors (AED) and its members, congratulations on your election to leadership positions in the 115th congressional session. The association also commends newly selected committee chairmen, ranking members, and the entire new Congress. We look forward to working in a bipartisan manner to enact the construction equipment industry's legislative priorities.

AED is the international trade association representing companies involved in the distribution, rental and support of equipment used in construction, mining, energy, forestry, power generation, agriculture, and industrial applications. AED's more than 500 members operate in all 50 states and most congressional districts.

Equipment distributors are ready for Congress and the administration to put partisan differences aside and immediately work together to enact growth-inducing, job-creating policies to ensure the country's economic vitality for decades to come. Congress should act on the following proposals to help ensure the vitality of the construction equipment industry and the nation's economic security:

- **Restore simplicity and certainty to the tax code.** With compliance costs constantly increasing, lawmakers must restore certainty and simplicity to the tax code. Resources utilized to retain tax attorneys and accountants could be used to hire more workers and invest in AED member companies. Additionally, Congress should proceed on tax reform that simultaneously benefits corporations and pass-through entities to ensure all businesses benefit from improvements to the Internal Revenue Code. Encouraging capital investment should also be an overriding reform objective. With that in mind, Congress must reject proposals to extend cost recovery periods and protect pro-investment tax policies such as Sec. 1031 like-kind exchanges, the deductibility of business interest, and last in, first out (LIFO) accounting. For the capital-intensive, family business-dominated equipment industry, the estate tax is particularly problematic and Congress should repeal it once and for all.

The association of leaders in equipment distribution.

- **Invest in transportation infrastructure.** While the last highway bill (the FAST Act) provided near-term certainty to the federal highway program, our nation still faces a \$740 billion backlog in much-needed road and bridge improvements. Consequently, Congress must work to identify new Highway Trust Fund revenue sources to restore the program's long-term fiscal stability and increase investment. Additionally, increasing investment in our nation's airports as part of the Federal Aviation Administration reauthorization process should be a top priority.
- **Ensure adequate investment for water infrastructure projects.** Government and industry studies have estimated the nation's water infrastructure needs over the next two decades in the hundreds of billions of dollars. AED encourages Congress to restore funding recently cut from the Clean Water and Safe Drinking Water State Revolving Funds. Lawmakers should also adopt alternative financing mechanisms, such as bipartisan legislation lifting the state volume cap on private activity bonds for water infrastructure projects to leverage private capital.
- **Invest in the next generation of skilled, technical workers.** A recent AED Foundation study found that shortage of equipment technicians is costing dealers \$2.4 billion per year in lost economic opportunity. Congress must channel resources to training a new generation of technical workers. Federal laws should be updated, such as reauthorizing the Carl D. Perkins Career and Technical Education Act, to reflect current workforce needs and to allow greater flexibility for state and local entities, non-governmental organizations, community colleges and technical schools, and industry to work together to address the skilled worker deficiency. Finally, Congress must ensure federal training and educational programs receive adequate funding to maintain a skilled and dynamic technical workforce.
- **Fix Obamacare.** While equipment distributors overwhelmingly support the Affordable Care Act's repeal, the industry recognizes that completely scrapping the law is unlikely. Consequently, Congress must enact reforms that lower the health care costs for employers and employees, and clarifying that equipment rental income earned by taxpayers actively participating in an equipment distribution trade or business is exempt from the 3.8 percent passive income tax.
- **Expand energy production.** The United States must continue to develop its energy resources and become an even more significant global energy producer. Congress should ensure that shale energy development is allowed to continue across the country and must recognize that its benefits are best measured and understood at the state level. Congress and the administration should work together to renew the vitality of other energy sectors – including coal – that have been undermined by federal policy in recent years. Finally, speeding the construction of new infrastructure to transport and process energy must also be a priority.
- **Protect equipment distributors from harmful and unnecessary regulations.** In recent years, the business community has faced a deluge of new regulatory mandates from the National Labor Relations Board (NLRB), Occupational Safety & Health Administration (OSHA), Department of Labor (DOL), Environmental Protection Agency (EPA), and other federal agencies. Congress and the new administration should carefully review recent regulatory actions, including EPA's "Water of United States" and greenhouse gas emissions rulemakings, OSHA's crystalline silica exposure mandate, DOL's overtime rules, and NLRB's proposal to completely alter the current employment

framework by redefining "joint employer" to unnecessarily ensnare businesses in the labor disputes of its outside contractors and suppliers.

- **Ensure American companies' international competitiveness.** The United States operates in a global economy. While protectionist rhetoric makes good campaign soundbites, the reality is American companies rely heavily on free trade agreements and other accords that permit accessible and efficient international trade. Congress must continue to promote free trade by lifting the embargo of Cuba, ensuring the long-term viability of the Export-Import Bank, and building closer relationships with Canada, our closest ally and trading partner.

AED and its members stand ready to work with you and your colleagues to achieve these goals. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Brian P. McGuire".

Brian P. McGuire
President & CEO

c.c. All members of the U.S. House of Representatives and U.S. Senate