ACEC
American Council of Engineering Companies
of Ohio

October 30, 2017

The Honorable Pat Tiberi
1203 Longworth House Office Building
Washington, DC 20515

Dear Congressman Tiberi:

On behalf of the American Council of Engineering Companies of Ohio, I am writing to express serious concerns over the fact that engineering firms in our state may be excluded from the lower tax rate for passthrough businesses in the tax reform plan being developed by the House Ways and Means Committee.

ACEC Ohio represents over 130 of the state's leading engineering companies, and the majority of those are organized as some form of passthrough business, such as S corporations, partnerships, and LLCs. Our member firms are an important part of the state's economy, playing a critical role in designing solutions that enhance our roads and bridges, water and wastewater systems, and address other challenges in the built environment.

We understand that the tax reform legislation being developed by the Committee will propose to lower the top corporate tax rate to 20 percent, and create a new 25 percent rate for passthrough businesses. This is a positive step, but for reasons which we do not understand the bill may deny the new passthrough rate to engineering firms, leaving these firms with a tax rate that is at least 15 percentage points higher than engineering firms organized as C corporations.

In addition, the tax plan is expected to eliminate many current tax deductions and credits in order to offset the costs of lower rates for businesses and individuals. If this plan becomes law, engineering firm passthroughs will be denied the lower tax rate provided to other passthrough businesses, and they will no longer have access to credits and deductions that help to lower their tax burden and invest in their businesses. Passthrough firms would be left with choosing between a potentially expensive and burdensome transition to a C corporation, or remaining with a tax structure that undercuts their ability to compete in the marketplace.

There is no good public policy reason that justifies a lower tax rate for some passthrough businesses, but not others. On behalf of the engineering firms in our state and throughout the country, we respectfully ask for your help to ensure that all passthrough businesses are treated equally.

Thank you for your attention in this important matter, and I look forward to hearing from you.

Sincerely,

Beth Easterday

Beth Easterday
President

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COLUMBUS, OH 43204
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American Council of Engineering Companies
of Ohio

October 31, 2017

The Honorable James B. Renacci
1203 Longworth House Office Building
Washington, DC 20515

Dear Congressman Renacci:

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