

## ABOUT AED

Associated Equipment Distributors is an international trade association representing companies involved in the distribution, rental and support of equipment used in construction, mining, forestry, power generation, agriculture and industrial applications.

Our 500 distributor member companies account for more than \$15 billion of annual sales of construction equipment and related supplies and services in the U.S. and Canada. Our average distributor member achieves more than \$40 million per year in revenues, and employs 80 people. AED serves:

- Independent distributors that sell, rent, and provide aftermarket support for construction equipment and related equipment and products
- Manufacturers of construction and related equipment and products
- Suppliers of business services, including finance, insurance, business systems/ERP and others

We enhance the ongoing success and profitability of our member companies by creating and providing high quality products, services and information, including:

- Public policy advocacy – AED is our members' voice in Washington
- Industry education, training and career development
- Research, analysis, and information on markets, economic and business trends, and performance benchmarks
- Events and opportunities that enhance networking, facilitate business-to-business interaction and cooperation, and cultivate sources of capital and finance
- Public relations that promotes knowledge, understanding, and enhancement of the evolving role of distributors in North American markets

We believe in and encourage the highest business standards and ethical behavior. We are committed to strengthening the free enterprise system. We encourage synergy and cooperation among individuals and companies when pursuing the industry's common interests. We value continuous improvement and lifelong learning, and we encourage and support members of the industry in their active participation in the processes of government.



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## Associated Equipment Distributors 2011 LEGISLATIVE PRIORITIES 112<sup>TH</sup> CONGRESS 1<sup>ST</sup> SESSION



# LEGISLATIVE PRIORITIES

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## **ENACT A MULTI-YEAR HIGHWAY BILL THAT MEETS AMERICA'S INFRASTRUCTURE NEEDS**

The federal highway program expired on Sept. 30, 2009, and Congress has failed to enact a new multi-year investment blueprint. Underinvestment cripples the arteries of national commerce and costs the U.S. economy \$115 billion annually in wasted time and fuel. Not only are our highways and bridges in dire need of major upgrades, but the uncertainty surrounding the future of the highway program is adding to volatility in the construction and equipment markets. Current revenue sources for the federal Highway Trust Fund (HTF) are inadequate to support investment needs. Congress must find fiscally-responsible ways to ensure the long-term integrity of the HTF, restore transparency to the highway program, and increase investment in transportation infrastructure. In order for the United States to remain competitive in the coming years, Congress and the administration must make a multi-year highway reauthorization bill an immediate priority.

## **ENSURE ACCESS TO CLEAN WATER BY ADEQUATELY FUNDING WATER INFRASTRUCTURE PROGRAMS**

Government and industry studies have estimated costs to meet the nation's water infrastructure needs over the next two decades in the hundreds of billions of dollars. The American Society of Civil Engineers gave the nation's drinking water and wastewater infrastructure a D-, the lowest grade of any infrastructure category. Increased investment in water infrastructure investment is long overdue. AED encourages Congress to maintain funding for the Clean Water and Safe Drinking Water State Revolving Funds. Lawmakers should also look to alternative financing mechanisms, such as public-private partnerships and lifting the state volume cap on private activity bonds for water and sewer projects to leverage private capital. Additionally, Congress should create a Clean Water Trust Fund to ensure stable and predictable funding for water infrastructure investments.

## **ENACT TAX LEGISLATION TO REVITALIZE THE ECONOMY AND RESTORE CERTAINTY TO THE TAX CODE**

AED cheered the enactment of 100 percent bonus depreciation through the end of 2011 (50 percent in 2012) and an increase in the Sec. 179 expensing and phase out levels (\$500,000 and \$2 million respectively) through the end of 2012. However, Congress must act to restore certainty to the tax code and pursue policies that will create jobs and spur economic growth, starting with permanently extending the Bush-era tax cuts. For the construction industry to fully recover from the recession, Congress and the administration must also ensure that credit is available to equipment distributors, manufacturers, contractors, and developers.

## **PROTECT EQUIPMENT DISTRIBUTORS FROM HARMFUL AND UNNECESSARY REGULATIONS**

Congress must aggressively assert its oversight authority over executive branch agencies and departments, such as the National Labor Relations Board, Occupational Safety & Health Administration, Department of Labor, and Environmental Protection Agency. AED will work with lawmakers to protect distributors from regulations that unnecessarily drive up costs of doing business and fight any effort to take away the democratic rights of employees or subject them to intimidation.

## **REPEAL THE GOVERNMENT CONTRACTOR WITHHOLDING TAX**

In 2012, a new 3 percent withholding tax for government contractors is scheduled to take effect. The tax will increase contract administration costs at all levels of government and hurt the cash flow of companies doing business with the government. Congress should prevent this unnecessary diversion of resources and permanently repeal the 3 percent government contractor withholding tax.

## **PROTECT LIFO**

For 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. Repealing LIFO would cost AED members more than \$900 million in retroactive tax liability and take away an important tax and accounting tool. AED strongly urges Congress to reject any effort to repeal LIFO.

## **RESOLVE ESTATE TAX UNCERTAINTY**

The estate tax disproportionately impacts owners of capital-intensive, family businesses. To preserve the company for the next generation, business owners must often devote considerable sums to estate planning rather than investing in their companies and employees. After disappearing completely in 2010, the tax returns for 2011 and 2012 at a 35 percent rate with a \$5 million exemption. Congress should resolve the uncertainty surrounding the estate tax (preferably through permanent repeal) so that family businesses do not continue to incur massive estate planning and insurance costs as the tax fluctuates from year to year.

## **HELP SMALL BUSINESSES PROVIDE HEALTH INSURANCE TO THEIR EMPLOYEES**

Congress must help small businesses access affordable-quality health care. Unfortunately, many provisions of the new health care law will be detrimental to small companies and do little to reduce the skyrocketing costs of providing health insurance coverage for employees. New taxes and mandates on small companies are not the solution. AED urges Congress to reexamine health care and develop long-term, market-based solutions that promote quality health care without unduly burdening employers.

## **PUTTING THE FEDERAL GOVERNMENT'S FISCAL HOUSE IN ORDER**

The national debt is \$14 trillion and growing by the minute. If left unaddressed, the federal fiscal crisis will quickly lead to higher interest rates, a crushing tax burden, and a diminished role for America on the world stage. Lawmakers must work together to restore balance to the federal budget by cutting unnecessary discretionary spending, fixing unsustainable entitlement programs, and reforming the tax code to better encourage entrepreneurship and economic growth.