

# THE FIRST WORD

July, 2005

## Jerry Farrar Installed as Chairman of the Board of ACEC OKLAHOMA

Jerry Farrar became the 51<sup>st</sup> Chairman of the Board of ACEC OKLAHOMA at the conclusion of the Annual Convention held on St. John, USVI. Farrar succeeded Don Vick, JGV Engineering, Oklahoma City, who led the Council during the 50<sup>th</sup> Anniversary Celebration year.

Jerry is a Vice President of Earth Tech, Inc, a 9,000 person international consulting engineering, planning and architectural firm with headquarters in Long Beach, California. He is the Director of Aviation for the firm and as such is responsible for leading the firm's global aviation practice.

He has 34 years of experience in the planning, design, and construction of aviation and transportation facilities. Current examples of aviation services being provided by the aviation practice include the design of a new 10,000-foot air-carrier runway and taxiway system for O'Hare International Airport; design of the largest intermodal transportation facility in the US at Miami International; planning, design and construction services for the new Bangkok International Airport passenger terminal, a 6-million square foot passenger terminal currently under construction; and planning for passenger terminal and intermodal facilities at Baltimore-Washington International Airport.

Farrar received both his Bachelors and Masters Degrees in Civil Engineering from Oklahoma State University in 1971 and 1980 respectively. Jerry and his wife Linda are life long

residents of Tulsa. They have a daughter, two sons and three grandchildren.

In addition to his service to ACEC OKLAHOMA, Farrar is a Past President of the Oklahoma Society of Professional Engineers and the Tulsa Engineering Foundation. He is also a member of the National Society of Professional Engineers, Oklahoma Airport Operations Association, American Association of Airport Executives, Airports Consultants Council, and the Airports Council International.



2005-06 Chairman of the Board Jerry Farrar (left) with outgoing Chairman Don Vick

Farrar began his engineering career at Breisch Engineering in Tulsa in 1971. In 1977 he was a co-founder of Farrar, Hudspeth and Cobb. In 1987 he became the Vice President of Transportation/Chief Aviation Engineer for CH2M Hill in Tulsa where he spent 10 years prior to joining Earth Tech.

Farrar is joined on the 2005-06 ACEC OKLAHOMA Board of Directors by **Chairman-Elect Jim Stewart**, PSA Consulting Engineers, Oklahoma City; **Vice Chairman of Membership Darold Davis**, Garver Engineers, Tulsa; **Treasurer Steve Ford**, Zahl-Ford, Inc., Oklahoma City; **Vice Chairman of Business Practice Tom Hendrick**, Wallace Engineering, Tulsa; **Vice Chairman of Education/Public Relations Jim Benson**, Poe & Associates, Oklahoma City; **ACEC National Director Mike Arand**, Dewberry, Tulsa; and, **Immediate Past Chairman Don Vick**.

## ACEC OKLAHOMA Annual Convention Recap

ACEC OKLAHOMA joined with our counterparts from Missouri, Arkansas, and Kansas in St. John, U.S.V.I. June 8-15 for the Annual Convention of the respective organizations. Some 120 persons attended the Convention, which was highlighted by some outstanding educational opportunities and the beautiful surroundings of Caribbean.

In addition to the general business meetings of each of the organizations, there were many roundtables and seminars during the convention which were well attended and well received.

Of course, since "all work and no play makes Jack a dull boy", there were plenty of social activities for everyone to enjoy. From tours of the St. John National Park to snorkling and scuba diving; shopping in St. Thomas to having dinner while enjoying beautiful sunsets; or, just lounging around the pool or beach sipping the beverage(s) of your choice, a great time was enjoyed by all attendees, and the meeting received rave reviews.

Additionally, we were honored to have ACEC Chairman of the Board Ed Mulcahy, Vice Chairman Tom Burke, and ACEC President David Raymond attend the convention, and provide members with updates and overviews of ACEC's activities at the national level.



(left to right) ACEC Chairman of the Board Ed Mulcahy, Vice Chairman Tom Burke, and President Dave Raymond, install the new officers of the four organizations(top), and then get a little sun the next afternoon (bottom). Hey, at least we didn't show them in their Speedo's!!!!



2005-06 ACEC Oklahoma Officers: (left to right) Treasurer Steve Ford, Chairman of the Board Jerry Farrar, Immediate Past Chairman Don Vick, Vice Chairman of Membership Darold Davis, and Vice Chairman of Business Practice Tom Hendrick.



Chairman Don Vick and Past President Bob Williams and his wife Eileen on the opening night's Sunset Cruise.



"Having a great time, wish you were here!!!! By the way, how are things at the office?"



While members were in educational programs, ACEC President David Raymond (left) discusses issues and concerns with the staff leadership of the four states, Kansas' Scott Heidner, Arkansas' Ann Hamilton, Oklahoma's Jim Sullins and Missouri's Bruce Wylie.

# New Tax Benefit A Major Win For Engineering

By David A. Raymond

President

American Council of Engineering Companies (ACEC)

The crucial role of the engineering industry to our economy was underscored late last year when the President signed into law the American Jobs Creation Act (H.R. 4520). The law created a new 9% tax deduction for A/E firms. It was an important win for ACEC and its members – one that will benefit engineering firms for years to come.

The 9% deduction is phased in over six years: 3% for tax years 2005 and 2006; 6% for tax years 2007 through 2009; and 9% thereafter.

The legislation was enacted by Congress to replace a tax benefit for exporters of manufactured goods and services that was deemed an unfair trade practice by the World Trade Organization (WTO). When the export-based benefit was repealed, Congress was inclined to compensate those industries that benefited from it with a bill designed to also stimulate a flat domestic economy by creating manufacturing jobs. ACEC saw this as an opportunity to convince Congress that engineering services should be included in the replacement measure.

ACEC argued that the entire A/E industry was central to both “trade measure compensation” and stimulation of the economy. America’s A/E firms, we argued, employ 1.2 million and generate more than \$100 billion in annual revenue, and A/E projects lead to work for other industry sectors, including construction and manufacturing. Completed projects, in turn, strengthen the infrastructure upon which our future economic development depends.

Congress and the President agreed.

ACEC was successful in persuading Senate Finance Committee Chairman Charles Grassley (R-IA) to accept language that extended the new tax benefit to A/E firms. This cleared the way for Senators Kay Bailey Hutchinson (R-TX), Mary Landrieu (D-LA) and Gordon Smith (R-OR) to offer the A/E amendment on the floor of the Senate. Similar efforts took place in the House, and the President’s signature on the final bill turned our amendment into law.

Specifically, the Jobs Creation Act adds a new section in the tax code – Section 199 – which provides a 9% tax deduction for “qualified production activities income” derived from work done in the U.S. While the measure originally targeted manufacturing, ACEC’s amendment ensured that the new law’s definition of qualified income also included engineering services.

Put simply, the taxable income generated by engineering firms from domestic engineering projects will be lowered by 9% when the benefit fully phases in, meaning ACEC members will pay less in taxes and have more to invest in growing their businesses.

ACEC was also successful in assuring that the new tax deductions apply to both corporations and non-corporate entities such as partnerships, S-corporations and LLCs.

The Council is now working with the Treasury Department to maximize the benefit to A/Es when regulations are implemented. The Treasury Department already has adopted ACEC’s recommended definition of engineering services as part of its proposed implementing regulations. The definition is broad and easily construed, designed to simplify record-keeping and documentation requirements.

ACEC exists for the sole purpose of improving the business environment for our member firms. The new law is the latest in a series of ACEC success stories that improve our business environment and strengthen America.

*This article is intended to provide general information only, and should not be used for purposes of tax planning. Should you require specific tax advice regarding the content of this article, consult with a tax advisor.*

## Welcome New Members

ACEC OKLAHOMA is excited to welcome two new member firms.

**Rose & McCrary, Inc.** of Grove is a seven-person civil engineering and land surveying firm. Principals of the firm are Timothy McCrary and Rick Rose.

**Sheffield Engineering, LLC** is a two-person firm in Edmond headed by Blaine Sheffield. The firm provides civil engineering services including city streets, highways, bridges, water & sewer systems, traffic control, storm drainage, and commercial and residential site development.

ACEC OKLAHOMA welcomes **Rose & McCrary** and **Sheffield Engineering** to our ranks, and looks forward to having both firms as active members of ACEC OKLAHOMA and ACEC.

## Help Stop A Century of Neglect



## Vote "YES" on SQ 723

The campaign to pass State Question 723 (SQ 723) is beginning to heat up, and the next few weeks will be critical to securing a positive vote from the people on September 13th.

Oklahomans for Safe Bridges & Roads, the coalition supporting the passage of SQ 723 and of which ACEC OKLAHOMA is a member, is laying out the strategies and media campaign to educate the public on the issues and critical needs which SQ 723 will correct.

In recent days, however, an opposition group has been formed to oppose SQ 723, and surprise, surprise, three members of the LEGISLATURE are leading the group. According to media reports, the "honorary co-chairmen of Oklahoma Taxpayers United are Rep. Terry Harrison, D-McAlester, Rep Rex Duncan, R-Sand Springs, and Rep. Thad Balkman, R-Norman, three members of the very body which for many years has completely ignored the needs of Oklahoma's transportation system.

According to the Oklahoma Taxpayers United website, their "solution" is "LEGISLATIVE RESPONSIBILITY." They contend that rather than raise the motor fuel tax, "Oklahoma Taxpayers United says that the Legislature should address the misuse of existing revenue and spend it on roads and bridges like it was meant to be spent."

Sounds Good, Right? Stop misusing the existing revenue and the problem will be solved.

Only one problem --- LEGISLATIVE RESPONSIBILITY is an Oxymoron when it comes to transportation funding!

\*\* It's the Legislature which has ignored highway funding for oh so many years!

\*\* It's the Legislature which "misuses" the existing revenue!

\*\* It's the Legislature which passed a \$1 billion highway program in 1997 (which was only funded to \$850 million because the Legislature wouldn't authorize the last \$150 million), and then they SPECIFIED OVER 100 PROJECTS (at least in every Legislative District in the State -- surprise, surprise) on which the money had to be spent!

\*\* It's the Legislature that hasn't increased ODOT funding in 20 years....ODOT has less money to spend on repairing and replacing bridges today than it had in 1985!!!!

\*\* It's the Legislature that "promised" to pay the bond indebtedness for the 1997 program, but failed to appropriate any additional dollars to ODOT until this year.

\*\* It's the Legislature that has allowed the highway system to deteriorate to the point where there are 660 bridges on the state system which were built BEFORE Henry Ford stopped making the Model A.

So now, we're supposed to TRUST the Legislature to do the RIGHT THING!!!!

Well, you be the judge!

\*\* SQ 723 will "constitutionally" protect all of the motor fuel tax revenues from the whims of future Legislatures!

\*\* SQ 723 will guarantee that ALL highway tax dollars go to repairing and replacing bridges and roads.

\*\* SQ 723 will STRIP the power of politicians to misuse tax dollars.....and that's what they really don't like about SQ 723.....no more bills specifying over 100 projects which are, in reality, "re-election" roads.

ODOT Director Gary Ridley told the Transportation Commission at their July 6th meeting that there is a \$9 billion backlog of needs that continues to grow faster than the department's revenue have grown. He added that it's going to take more than one funding source to "solve the problem."

While the 2005 Legislature agreed to increase funding by at least \$17.5 million per year, or \$35 million if state revenues increase by more than 3 percent, it will take five to ten years to reach the full funding level of \$170 million.

But, as we've said before, WHAT THE LEGISLATURE GIVES, THE LEGISLATURE CAN TAKE AWAY! History shows that obligations and promises one year can disappear with the stroke of a pen the next year.

SQ 723 PREVENTS BROKEN PROMISES! The funds from SQ 723 are completely out-from-under Legislative control and constitutionally mandated to be spent repairing and replacing bridges and roads.

SQ 723 is the key to solving the transportation crisis.

Encourage your employees, family, friends and neighbors to vote "YES" on SQ 723 on September 13th.