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May 20, 2025

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

RE: AGC's Support for the *One, Big, Beautiful Bill*

Dear Speaker Johnson and Minority Leader Jeffries,

On behalf of the Associated General Contractors of America (AGC)—the nation's leading construction-industry association representing more than 28,000 general and specialty-contracting firms – I write in support of the *One, Big Beautiful Bill*. The construction industry stands ready to revitalize the nation's economy, create good-paying jobs, and rebuild America's infrastructure. Specifically, AGC is supportive of the provisions in the bill that:

- I. Prevent a tax increase on construction companies;**
- II. Reverse the higher education bias and invest in the construction workforce; and**
- III. Ensure that electric vehicles pay into the Highway Trust Fund.**

Introduction

AGC is the leading association in the construction industry representing more than 28,000 firms, including America's leading general contractors and specialty-contracting firms, many of which are small businesses. Many of the nation's service providers and suppliers are also associated with AGC through a nationwide network of chapters. AGC contractors are both union and open shop and are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, transit systems, waterworks facilities, waste treatment facilities, levees, locks, dams, multi-family housing projects, and more.

I. Preventing a tax increase on construction companies

Qualified Business Income (QBI) Deduction

By raising the Section 199A deduction from 20 to 23 percent and making it permanent after 2025, the bill gives the 70-plus percent of construction firms organized as pass-throughs long-term certainty that their effective marginal rate will remain competitive with that of C-corporations. Without this deduction, construction firms organized as pass-through businesses would face an increased tax rate that would amount to, on average, 8 percent higher compared to C-Corporations, according to a study conducted by Ernst & Young, resulting in a persistent disadvantage to competitors organized as C-Corporations.

Estate-Tax Exemption

Construction is capital-intensive—cranes, GPS-guided dozers, slip-form pavers, and other heavy equipment quickly inflate net-worth calculations. Elevating the unified estate-and-gift-tax exemption to \$15 million per decedent (indexed for inflation) and making it permanent protects family-owned contractors from forced liquidations or outside buy-ins when unexpected generational transfers occur. If the owner of a family-owned firm unexpectedly dies and is assessed with an estate tax bill, the surviving family could be faced with a choice of selling off company assets or going into debt to pay the bill. The higher exemption threshold alleviates this tax burden and ensures continuity of operations and preserve the legacy of these businesses, which are vital to our communities.

Restoring Immediate Expensing of Domestic R&D

Reinstating immediate expensing for qualified domestic R&D costs—retroactive to 2022 and running through 2029—reverses the current amortization rule that effectively punished innovation. In construction, these types of expenses include digital-twin modeling, sensor-based safety systems, pre-fabrication, drones, off-site manufacturing, or any other new technologies. These investments can improve productivity, reduce costs, and enhance worker safety at the job site.

II. Reversing the Higher Education Bias and Investing in the Construction Workforce

Extending Pell Grant Eligibility to Short-Term, High-Quality Construction Credentials

The construction industry is facing an unprecedented workforce shortage. Like other industries, the demand for skilled workers to meet our industry’s present needs is not being met by current federal workforce policy. Despite the good paying jobs and rising wages the industry is facing a historic worker shortage with record job openings and record low unemployment.

Pell Grants offer needs-based aid to low-income individuals seeking a career. Allowing Pell Grant dollars to fund rigorous trade programs acknowledges that a four-year degree is not the only path to economic mobility. The change widens doors for students who are not interested in traditional universities or colleges and allows them to enter into good-paying middle class construction careers. Because these programs are often delivered through partnerships with local AGC chapters, the reform aligns federal aid with regional labor demand, be it microchip-plant construction in the Southwest, offshore-wind foundations in New England, or highway-widening projects in the Midwest.

Allowing 529 Funds to Cover Workforce Training

Modernizing 529 plans to cover certificates, licensing exams, continuing-education fees, and even essential trade tools brings the tax code in step with lifelong learning. Parents can steer college savings toward high-return craft credentials, and mid-career workers can tap their own accounts to further develop their skills without incurring new debt. Because 529 withdrawals can also defray costs that Pell grants do not, this reform creates a seamless financing bridge from classroom to jobsite.

III. Ensuring electric vehicle owners pay into the Highway Trust Fund

Federal funding for roads, bridges, and transit systems is derived from revenues generated by the gas tax, diesel tax, and other trucking user fees which are deposited into the Highway Trust Fund

(HTF). The HTF provides states and construction companies with long-term certainty to hire and train new employees, plan big projects, and invest in new construction equipment. The bill would impose a national \$250 annual fee on electric vehicles (EVs) and a \$100 fee on hybrid passenger vehicles that would be deposited into the HTF. This is an important step in addressing the shortfall in funding for roads and bridges, partially due to EVs not contributing to the HTF.

Conclusion

AGC stands ready to work with you as floor consideration proceeds to ensure the final legislation advances investment, innovation, and opportunities across the construction industry. Thank you for considering the construction industry's perspective.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey D. Shoaf".

Jeffrey D. Shoaf
Chief Executive Officer

Cc: Members of the U.S. House of Representatives