

December 21, 2020

The Honorable Mitch McConnell
Majority Leader
United State Senate
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United State Senate
S-221, U.S. Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, DC 2051

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

The National Utility Contractors Association (NUCA) represents construction contractors, manufacturers, and distributors who build and maintain a wide range of underground facilities and transportation infrastructure. Member companies provide the manpower and equipment needed to build, repair, and maintain the infrastructure needed to support a range of utilities, including broadband. NUCA supports final passage of the omnibus/Covid-19 relief package, which includes several items of interest.

Water Resources Development Act

NUCA supports the inclusion of the bipartisan Water Resources Development Act (WRDA) as part of the omnibus/Covid-19 relief package. WRDA provisions would authorize almost \$10 billion in federal funding for projects that will improve America's ports, harbors, and inland waterways. WRDA would also fund dozens of flood control, environmental restoration, coastal protection and other projects over seen by the U.S. Army Corps of Engineers.

While NUCA understands the importance of these projects and programs and fully supports inclusion of WRDA provisions in the omnibus, continued action is needed to meet the hundreds of billions of dollars in funding for repairing and replacing America's dilapidated water and wastewater infrastructure. NUCA looks forward to working with Congress on a robust water infrastructure bill soon after the 117th Congress commences in January 2021.

Taxes on PPP Loan Forgiveness

In March of this year, NUCA supported the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which created the Paycheck Protection Program (PPP). The PPP provided more than \$525 billion in loans that helped more than five million small businesses across the country stay in business as the nation responded to the Covid-19 pandemic. The PPP has allowed small businesses to pay their employees and cover many critical non-payroll expenses through federally guaranteed loans since the was enacted.

While the CARES Act provided that any portion of a PPP loan qualifying for loan forgiveness could be excluded from gross income for tax purposes, the Internal Revenue Service (IRS) has indicated that no deduction will be allowed for expenses paid where employers expected to receive loan forgiveness over the five-month life of the program. This essentially transforms tax-free loan forgiveness into taxable

income, and will result in a surprise tax increase of up to 37 percent subject to the 2020 tax bills of millions of small businesses that depended on PPP loans to stay afloat.

Fortunately, the omnibus/Covid relief measure under consideration would clarify that business expenses paid for with the proceeds of PPP loans are in fact tax deductible, consistent with the intent of the CARES Act. NUCA fully supports the extension of the PPP and the correction regarding tax treatment of PPP loans and we applaud you for including it in the final relief bill.

Existing Funding for State and Local Governments

The CARES Act established a \$150 billion Coronavirus Relief Fund for state/local governments to pay for 1) incurred expenses resulting from the public health emergency presented by the pandemic; 2) were not accounted for in previous budgets; and 3) were incurred between March 1 and December 30 of this year. Because of the flexibility provided in the legislation regarding how state/local governments could spend these dollars many of them have used CARES Act dollars to pay for broadband infrastructure projects needed to keep America connected in the face of the ongoing pandemic. However, these resources will no longer be available unless the current deadline of December 30, 2020 to access them is extended. Therefore, NUCA appreciates language in the Covid-19 relief measure that extends the availability for these funds by one year (through December 31, 2021).

Funding for Broadband Deployment

NUCA supports the funding provided for broadband deployment provided in the legislation. Ensuring high-speed broadband service must remain a national priority as hospitals remain near or at full capacity, schools and other essential buildings remain closed or are subject to significant distancing requirements, and continued “work from home” directives all underscore the importance of reliable access to broadband.

Pipeline Safety

NUCA supports the inclusion of pipeline safety legislation as part of the final omnibus bill. Reauthorization of the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) is long overdue. In fact, PHMSA’s authorization officially expired on October 1, 2019. Specifically, NUCA supports provisions requiring gas distribution operators to identify, manage, and update reliable and complete records, including maps and “as built” drawings. These records should be accessible to not only federal and state pipeline inspectors, but also to contractors and others responsible for pipeline construction.

The measure would also require PHMSA to submit a report to Congress describing the industry’s progress in implementing pipeline safety management systems (SMS), and recommendations for enhancing SMS implementation. NUCA, like others in the pipeline construction industry, embrace the concepts of SMS while we do not support *mandated* SMS approaches.

NUCA supports many of the provisions included in the broad omnibus/Covid-19 relief package, and we encourage its enactment into law as soon as possible as the country continues to react to this pandemic on many levels.

We thank you for your consideration.

Regards,



Doug Carlson
Chief Executive Officer