

N.Y. needs research and development incentives

BY JOHN T. EVERS

A provision to decouple New York State and the City of New York from a full restoration of the R&D tax deduction in the proposed Executive Budget will discourage private engineering firms from performing critical research and developing new best practices in the years to come.

If New York's engineering industry is to remain competitive and on the cutting edge, state policymakers must maintain incentives for research and development that have been in place for decades.

In 2025, the American Council of Engineering Companies

successfully fought to restore the tax deduction to its pre-TCJA status and remove the amortization requirements that cost these companies millions of dollars in taxes. Decoupling from the federal R&D reforms will dilute these benefits and create an immediate and significant increase in tax obligations, stifling innovation and curtailing job creation as we enter the height of construction season.

The mounting challenges to deliver affordable energy, housing, clean air and water, and a resilient built environment, will require the services and expertise of engineers who are focused on the future. Now is not the time for New York

to turn its back on the engineering community and restrain its full potential. With nearly 260,000 engineering-related jobs generating more than \$20 billion in total wages, this industry serves as a critical component of the Empire State economy, along with \$4.2 billion in federal taxes and \$2.7 billion in state and local taxes collected annually.

New York risks falling behind other states related to innovation in the design and engineering industry. Numerous programs designed to address climate change, low-embodied carbon building materials, flooding, and countless other challenges require

research and innovation to overcome. The pursuit of innovation rests primarily on the shoulders of engineers and other design professionals.

As the unified voice of New York's engineering community ACEC New York continues to engage with elected leaders across the state, and we look forward to discussing the lasting impact of such a provision before it's too late.

Taxing innovation isn't innovative – it's simply irresponsible.

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