



American Council of Engineering Companies of New York

March 10, 2026

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

The Honorable Andrea Stewart-Cousins
President Pro-Tempore and Majority Leader
NYS Senate
172 State Street, Capitol Building, Room 330
Albany, NY 12247

The Honorable Carl E. Heastie
Speaker
NYS Assembly
Legislative Office Building, Rm. 932
Albany, NY 12248

Re: Opposition to Article VII Budget Bill (Parts F&G)

Dear Governor Hochul, President Pro Temp/Majority Leader Stewart-Cousins, and Speaker Heastie:

The American Council of Engineering Companies of New York (ACEC New York) writes to express its opposition to the Parts F & G in the Article VII (Revenue) budget proposal. Ever since the federal Tax Cuts and Jobs Act (TCJA) of 2017, our members have fought hard in Washington D.C. to restore the R&E tax deduction to its pre-TCJA status and remove the amortization requirements that cost our members millions of dollars in additional taxes. Decoupling from the federal R&E reforms would not only dilute the benefits gained from the restoration in H.R.1, its retroactive impact on 2025 tax filings would:

- Create uncertainty during the active filing season
- Require firms to file tax return extensions until a resolution is made
- Require amended NYS returns for shareholders that have already filed
- Increase professional fees and administrative burden
- Disrupt cash flow planning

At the very least, the language should be amended to apply to taxable years beginning on or after January 1, 2026, to ensure the current filing process is not disrupted. If this amendment is not feasible, a transition option should be allowed for taxpayers under a 481(a) adjustment with the option to spread the 481(a) adjustment over a few years. Relief may also be found by eliminating



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the amortization requirement if the taxpayer's 174A costs are at or below \$1.5 million or if gross revenue is below \$31 million (similar to the ceiling placed on the catch-up option in H.R.1). It should be noted that the changes made to R&E domestic expenditures as part of H.R.1 represent a restoration of its treatment pre-TJCA, and is currently recognized in the states of New York, New Jersey, Connecticut, Massachusetts, Illinois, Missouri, Iowa, Oklahoma, Kansas, Colorado, Texas, New Mexico, North Dakota, Montana, Utah, Oregon, and California. The state of Delaware follows the changes made to H.R. 1, except for allowing the catch-up provision.

Notwithstanding the logistical problems related to Part F&G, New York risks falling behind other states related to innovation in the design and construction industry. New York's pursuit and incorporation of low-embodied carbon building materials and experimentation with products with lower Global Warming Potential (GWP), rests primarily on the shoulders of engineers and other design professionals. E.O. 22 seeks new procurement specification standards that prioritize low impact development, climate resilient design practices, zero-emission resources, among many other specs. This paradigm shift will require firms to perform research and experimentation with various products, processes, and technology to measure GHG emissions and GWP to ensure the State's specifications and climate goals may be achieved.

Finally, I would be remiss if I did not highlight the economic impact of the engineering and design industry in New York. According to a 2025 Economic Impact analysis, the consulting engineering and design services industry accounts for: (1) \$29.9 billion in GDP; (2) \$4.2 billion in federal taxes collected; (3) \$2.7 billion in state and local taxes collected, (4) 259,000 jobs, and (5) \$20.4 billion in total wages.

Thank you for taking the time to review the reasons we oppose Parts F&G in the Article VII Revenue budget bill. We hope you seriously consider the above recommendations.

Sincerely,

A handwritten signature in black ink that reads "John T. Evers". The signature is written in a cursive style with a horizontal line underneath the name.

John T. Evers, PhD
President/CEO
ACEC New York

Cc: Hon. Liz Krueger, Chair, Senate Finance Committee
Hon. J. Gary Pretlow, Chair, Assembly Ways & Means Committee
Blake Washington, Director, New York State Division of Budget