



American Council of Engineering Companies of New York

OPPOSE: Parts F & G of Article VII Revenue Bill

Decoupling from Federal R&E Tax Provisions

The American Council of Engineering Companies of New York (ACEC New York), an organization representing over 300 engineering and related firms totaling more than 33,000 employees in New York State, writes to respectfully **oppose Parts F & G of the Article VII Revenue budget bill.**

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, we recommend eliminating 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).

Notwithstanding the logistical problems related to Parts 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 innovate and experiment with various products, processes, and technology to ensure the State's specifications and climate goals may be achieved.

The engineering and design industry in New York represents a significant sector of the economy. 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.

For these reasons, **ACEC New York opposes Parts F & G of the Article VII Revenue budget bill.**