The American Institute Of Architects

Democracy in Design Act

The Challenge

Mandating classical and traditional architecture as the official preferred style for federal buildings stifles innovation and harms local communities. By preventing individuals from shaping their built environment in ways that reflect their unique history, character, and aspirations, all style mandates undermine the American ideals of independence and self-determination.

The Ask

Support the Democracy in Design Act (HR 964/S 366) by cosponsoring the bill.

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BACKGROUND

In December 2020, the former president issued an executive order entitled "Promoting Beautiful Federal Civic Architecture" (EO 13967), which created an official preference for classical and traditional architecture for federal courthouses and other buildings over $50 million. Shortly after taking office, President Biden revoked Executive Order 13967.

The Democracy in Design Act is championed by AIA. Rep. Dina Titus (D-NV) agreed to be the lead sponsor and introduce the bill during the 116th Congress (2019-2020). The act prevents future federal mandates on architectural design styles and gives a voice to local communities in determining their own architectural and design needs.

AIA unequivocally opposes any attempt to mandate an official architectural style for federal buildings.

WHAT IS THE DEMOCRACY IN DESIGN ACT?

The Democracy in Design Act is bipartisan. Rep. Mike Simpson (R-ID) and Rep. Buddy Carter (R-GA) joined Rep. Titus as cosponsors in the 117th and 118th Congresses, respectively. In the US Senate, Sen. Van Hollen (D-MD) has introduced a companion bill joined by Sen. Lujan (D-NM) and Sen. Mike Braun (R-IN).

The Democracy in Design Act codifies the US General Service Administration's "Guiding Principles for Federal Architecture" which prohibits a national design style and encourages the government to avoid uniformity in building design. Furthermore, the bill safeguards the GSA Design Excellence Program, increases transparency, and allows the program to evolve to meet future needs.

The Democracy in Design Act promotes innovation. By respecting regional design preferences, histories, and traditions, the bill encourages local architects to find design solutions that fit their environment, make smart use of natural site advantages, and embody community values.

WHY IS THE DEMOCRACY IN DESIGN ACT NEEDED NOW?

Without clear legislation, a future president or Congress could mandate any architectural style that suits their personal preferences. The Democracy in Design Act depoliticizes federal architecture, keeping decision-making in the hands of individuals and communities rather than centralizing authority in Washington, DC.

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Revising Fee Limitations for Federal Contracts

The Ask

AIA hereby respectfully requests that you contact the FAR Council by letter or phone call to urge them to amend the FAR to clarify that the 6% fee limitation for A/E services on non-military public projects applies only to cost-plus-a-fixed fee contracts and that the Brooks Act QBS standard applies to all other types of federal contracts for A/E services.

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BACKGROUND

There is a provision in federal law limiting the fee for architectural and engineering services (production and delivery of designs, plans, drawings and specifications) for federal public works projects to 6% of the estimated cost of the project, but only for "cost-plus-fixed-fee" contracts. These contracts are not commonly used by the federal government for A/E services.

The 6% fee limitation on A/E services was originally enacted in 1939 as a measure to contain cost during the ramp up to World War II, and was limited to cost-plus-fixed fee contracts. In 2011, Congress enacted a law to re-establish and clarify that the 6% fee cap was only for cost-plus-fixed-fee contracts. However, it is still applied to other contracts by federal agencies and contracting officers today.

The Federal Acquisition Regulation (FAR) governs the rules and terms for all executive agencies in their acquisition of supplies and services. Currently the FAR does not restrict the 6% fee limitation to solely cost-plus-fixed-fee contracts --which is inconsistent with the statutory provisions under which the regulation was promulgated. It has been applied more broadly by federal agencies and contracting officers to other types of procurement contracts, including the much more commonly used "firm fixed fee" contracts. This is contrary to congressional intent in enacting the Brooks Act of 1972, which establishes Qualification Based Selection (QBS) for architectural and engineering services for a fair and reasonable fee.

Contracting officers within GSA and other federal agencies applying the 6% fee limitation to other types of contracts, such as fixed fee contracts has caused inconsistencies in contracting practices from agency to agency and from contracting officer to contracting officer. The cap has also been applied inconsistently to which services are to be included and excluded as a "design service", putting smaller firms at a competitive disadvantage when negotiating architectural and engineering contracts with the federal government.

These fee limitations are hurting the small, mid-sized and larger businesses that perform A/E services on behalf of the federal government. The result hurts the ability to get projects completed, limits competition, slows economic growth, reduces job creation and harms the A/E industry. Congress should direct the FAR Council to amend the FAR to clarify that the 6% fee limitation for A/E services on non-military public projects applies only to cost-plus-a-fixed fee contracts and that the Brooks Act QBS standard applies to all other types of federal contracts for A/E services.

WHY DOES THE FEE LIMITATION NEED TO BE REVISED?

Arbitrary "caps" on federal architecture and engineering design fees are unfair to architectural and engineering designers. In the 80 years that has passed since the cap was put into place, the scope of A/E services has drastically expanded. Recently the Congress passed and the President signed the National Defense Authorization Act which raised the fee limitation from 6% to 10% and signaled that the arbitrary 6% cap was too low on defense contracts.

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Tax Relief for American Families and Workers

The Challenge

If HR 7024 is not enacted, architecture firms of all sizes will face significant tax increases, limiting innovation and growth.

The Ask

US House of Representatives:
Thank you for passing HR 7024. AIA urges representatives to extend the tax relief provisions set to expire in 2025.

US Senate:
AIA urges senators to pass HR 7024 expeditiously and to extend the tax relief provisions set to expire in 2025.

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BACKGROUND

There are over 19,000 small, medium, and large architecture firms throughout the US. These businesses employ more than 200,000 individuals. Architects have a professional responsibility to protect the health, safety, and welfare of the public. Investments in research and development are central to the day-to-day work of architects and drive local, regional, and national economies.

AIA supports business-friendly tax policies that encourage investment in research and development, incentivize private-sector affordable housing, and ensure tax parity between large and small businesses.

If Congress does not enact the Tax Relief for American Families and Workers Act of 2024 (HR 7024), architecture firms of all sizes will face undue restrictions on their ability to innovate, grow, and attract new talent.

KEY PROVISIONS SET TO EXPIRE IN 2025

Research & Development Tax Credit

The 2017 Tax Cuts and Jobs Act (TCJA) requires businesses to amortize R&D costs over 5 or 15 years for domestic and international expenses, respectively. Prior to 2022, these expenses were fully deducted in the year they were incurred. Amortization adversely impacts businesses by increasing costs, negatively impacting employee retention, and new job creation, and limiting future investment in research and development. AIA supports HR 7024 changes that allow tax deductions of R&D expenses in the year incurred.

Low-Income Housing Tax Credit

LIHTC is the largest provider of new affordable housing in the United States, with over 2 million total units created and more than 110,000 affordable rental units constructed annually since its establishment in 1986. Congress sets a limit on the amount of LIHTC that can be allocated to states based on a per-capita formula. HR 7024 restores the 12.5% increase over this base allocation for 2023-2025 and lowers the tax-exempt bond financing requirement. AIA supports these changes which will fund more affordable housing developments.

Pass-through Deduction

TCJA allowed “pass-through” entities, like S-Corps, partnerships, LLCs, and sole proprietorships, to deduct up to 20% of qualified business income in order to bring parity with reduced corporate income tax rates. TCJA also capped deductions for a “Specified Service Trade or Business” when income exceeds an indexed threshold. Extend the pass-through provisions of TCJA and ensure deductions remain uncapped to drive innovation and ensure architecture firms remain competitive.