INTEGRITY
ASHTABULA COUNTY BUILDERS ASSOCIATION

BUILDERS PLAN

FEBRUARY 2013

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ASHTABULA COUNTY BUILDERS ASSOCIATION

" The Voice of the Industry in Ashtabula County"

COMMENTARY

Hello friends,

Well I am back for another stint as President of the Ashtabula County Builders, when I was asked to take the helm again it was not a hard decision and that is because of the people that I share the board with. Your current board members are really dedicated to making the Ashtabula County Builders one of the premier organizations to belong to in the county. I want to thank Joe Oros for his 2 years as president. Also I would like to mention one of our board members that is stepping down, Bill Claycomb has been on the board for a number of years, he was always at our board meetings, he has been a constant face at our regular meetings and he was always there when needed for any job or event. Valley Lumber should be very proud to have had Bill represent them over the years. Lastly I would like to welcome a new face to the board and that is George Csepegi V of HAVE Inc. I am sure that he will bring some new ideas and energy to our group and I look forward to working with him during my reign.

This past month, Sheriff "Billy" Johnson was our speaker and what an eye opening talk he gave us. I am still hearing from people that were in attendance on how much they gathered from the Sheriff's talk.

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MARK YOUR CALENDAR

February 14th	Rich Vanek S. & R. Snodgrass Casa Capelli
March 14th	Chris Jaskiewicz VEC Inc. Gas and Oil Elks
April 11th	Informational Meeting Casa Capelli
May 4th	Reverse Raffle 4H Building Jefferson

Happy hour is 6:00pm - 7:00pm
Dinner 7:00pm
RSVP by Monday prior to meeting date and if you need to cancel please call by Tuesday evening.

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This coming month we are going to have one of our own board members as our guest speaker, Rich Vanek of S.R. Snodgrass will be addressing the tax changes that have occurred as a result of the fiscal cliff. This has been quite the buzz phrase over the last several weeks and I am sure it will affect us all. I am sure he will also be talking about ways to minimize our personnel tax liabilities and also things to do in the coming year. I am looking forward to hearing what he has to tell us. Remember that if you know of any potential new member that could benefit from the information that Rich is going to give us please bring them as our quest.

Remember that nothing is better than seeing a friend or potential customer face to face and there is no better way to do that than to see them at our monthly Ashtabula County Builders Assoc. Meetings. Hope to see you on February 14th at our meeting.

Sincerely,

Bill Romanko

THANK YOU

Thanks to Active Plumbing,
Art Hill for the after dinner drinks
at
the
January 2013 meeting
at
the Elks!

CURRENT ACBA MEMBERS
2013

84 Lumber
A Louis Supply Company
Action Plumbing
Active Plumbing
AmerGas Propane
American Alert
Andover Bank
Aqua
Arthur Louis Steel Co.
Ashtabula Chamber of Commerece
Ashtabula Concrete, Inc.
A-Tech
Brown Spinkler Services, Inc.
Building Technicians Corp.
Burdick Plumbing & Heating, Inc.
Carpet Mart
Chicago Title
Conneaut Savings Bank
Crandall & Company Builders
D. S. Theiss Building Contractors
Delta Railroad Construction, Inc.
E&J Glass and Trim
Famous Supply Company
Great Lakes Auto Network
Growth Partnership
Guerriero Memorials
HAVE, Inc.
Home Depot
Housel Construction, Inc.
Hughes-Roller Building Co.
Huntington Bank
Huntington Insurance
Jackson, Dieken & Associates
Joseph Dragon & Sons, Inc.
Kinder Morgan/Pinney Dock & Transport
Kister Construction Company
Knickerbocker Equipment Co.
Koski Construction Co.
LA Renovators
Laborers' Local 245
Lowe's Home Improvement
MC 3 Holdings
Nelson Sand and Gravel
Notter Electric Company
O & P Oil & Gas, Inc.
Oros Builders
R.W. Sidley, Inc.
Raymond Builder's Supply, Inc.
RD Real Estate Ventures
S. & R. Snodgrass, A.C.
S.K. Built
Senita Roofing & Insulation Co.
Simak Trucking, Inc.
Smolen Engineering
Spence Contracting
Thomas Fence Company, Inc.
Tim Wing Construction, Inc.
U.I.C. Construction
Valley Building Center, Inc.
W.S.A., Inc.
Wayne Senita, Inc.
Wells Fargo
Western Reserve Farm Co-Op
Witt Enterprises, Inc.

FEBRUARY
GENERAL MEETING

RICH VANEK

S. & R. Snodgrass

Thursday, February 14th

at

Casa Capelli

Bring your Sweetheart!

6:00 p.m. Open Bar

7:00 p.m. Dinner

TOPIC

The American Taxpayer Relief Act of 2012
and how this "Fiscal Cliff" legislation impacts
you and your business.

RSVP to 440-645-7496 or
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BRING A PROSPECTIVE MEMBER ON THE BUILDERS

NATION'S BUILDING NEWS

The Official Online Weekly Newspaper of NAHB

Sponsored by McGraw-Hill Construction and Freddie Mae

Positive Run Continues for Residential Construction Spending

Private residential construction spending jumped 2.2% on a month-to-month basis during December 2012. The initial estimate of a 0.4% gain for November was moved up slightly to a 0.6% increase, but the October number was pushed appreciably higher from 1.3% to 3.2%. Spending has registered nine uninterrupted months of growth, as well as 16 of the last 17 months showing expansion. The nominal dollar level of spending has now reached its highest point since late 2008 and the average from the last three months is 32% above the cyclical low.

Spending on new single-family homes decelerated to its slowest pace of month-to-month growth since the first quarter of 2012, rising 0.8% versus November. On a year-over-year basis, the nominal value of spending on new homes has risen over 28%. In addition, since bottoming out around the midway point of 2009, construction spending has surged 59%. The current NAHB forecast calls for single-family housing starts to expand for the entirety of the outlook period, but a slower pace of growth is anticipated during the first quarter of this year. They are expected to re-accelerate over the remainder of 2013, and thus we anticipate a similar pattern will likely occur for construction spending.

Construction spending on new multifamily projects jumped 6.2% during December 2012. Moreover, the initial estimate for November was revised higher from 0.5% to 1.8%, indicating spending activity finished the year strong. Of the three main categories of residential construction, multifamily has experienced the strongest rebound from its cyclical trough. Gains in spending have occurred in each of the last 15 months, with the latest month available representing the second largest percentage increase over this time period. On a year-over-year basis, the level of spending has skyrocketed more than 57% and has gained 97% from the bottom in August 2010.

Remodeling activity improved in December as spending climbed 2.9% from the prior month. Preliminary estimates for October and November were also revised higher, significantly higher in the case of October with a 1.9% decline turning into a 2.3% gain. The 3-month moving average points to a solid upward trend in home improvement spending and closed out 2012 at its highest nominal dollar value since September 2007. NAHB's Remodeling Market Index (RMI) has offered a similar judgment on recent home improvement activity as the current and future market indicators have achieved their best readings since the first quarter of 2004.

Mortgage Interest Deduction Tax Expenditure Estimate Falls

New estimates of the budget size of federal tax expenditures have been published. And due to policy and economic changes over the past year, the estimated size of the mortgage interest deduction is down considerably.

The official scorekeeper for tax expenditure and revenue estimates is the Congressional Joint Committee on Taxation (JCT). Every year the JCT updates its estimates of the budget size of various tax policy items based on both changes to taw law and the underlying economy.

The tax expenditure for the mortgage interest deduction (MID) has been falling over the last few years, ironically during a period in which some have eyed the deduction as the source of potential tax hikes. Take the evolving estimate for the MID for 2013 as an example.

In late 2010, the JCT had the 2013 estimate for the MID at $98.5 billion.

In early 2012, the JCT revised down the 2013 estimate to $89.6 billion.

For the 2013 publication, JCT has the MID estimate for this year down again to — **$69.7 billion**. In fact, the current JCT numbers have the 2017 MID tax expenditure estimate at $83.4 billion, lower than even the estimate for 2013 published just last year.

These changing estimates are not a criticism of the JCT. Joint Tax is the gold standard for tax policy numbers.

Instead, this history reflects updated economic data and changes in tax law passed by Congress. In particular, lower interest rates, increasing numbers of refinancings, a lower homeownership rate, and the fiscal cliff deal all have worked to lower the budget size of the MID.

For example, the fiscal cliff legislation enacted at the beginning of 2013 permanently extended most of the 2001/2003 income tax rate structure, keeping rates lower for middle class families, who collect most of the benefits of the MID. Because the tax value of a deduction is based on a taxpayer's marginal rate, prior tax expenditure estimates used the present law baseline, which assumed – prior to the fiscal cliff deal – that income tax rates were going up in 2013. This artificially boosted the tax expenditure values in future years, creating an unrealistic impression of the size of itemized deductions like the MID.

The new JCT estimates clarify this issue, which is one of the benefits to economists of the post-fiscal cliff permanent tax rate structure – no more debates and confusion about present law vs. present policy baselines.

More importantly, the new JCT numbers illustrate a point that housing advocates have made about proposals to raise taxes on those who benefit from the MID: there's less money there than is claimed, even putting aside any economic consequences that would result from changes to long-standing policy.

This is even more relevant when recalling the fact that tax expenditure estimates are not revenue estimates. Unlike tax expenditure estimates, revenue estimates measure the tax receipts that might be collected from changes in tax law. These estimates reflect changes in taxpayer behavior, and for proposals that involve tax increases, revenue estimates will typically be even smaller than tax expenditure estimates.